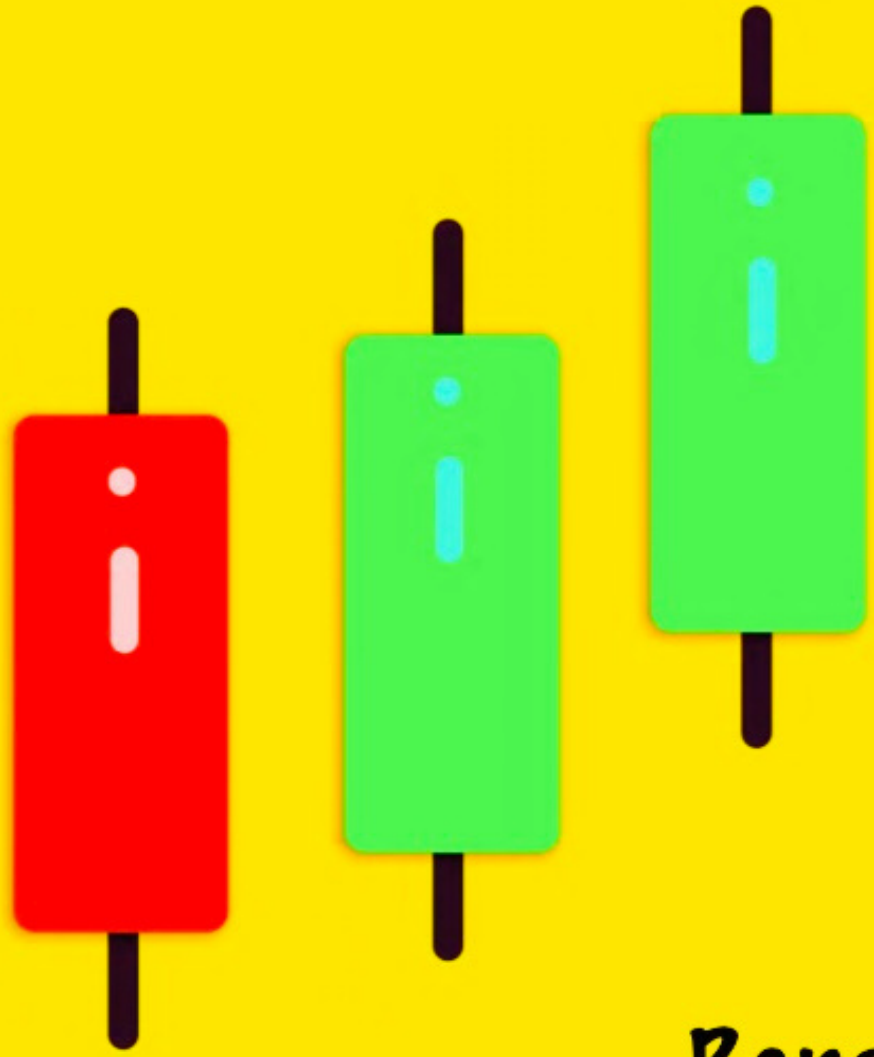
SIMPLE
TRADING BOOK



Renaissa
Rolan

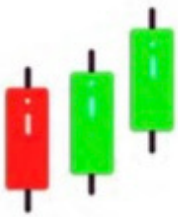
Introduction

- What is cryptocurrency trading?

Cryptocurrency trading means taking a financial position on the price direction of individual cryptocurrencies against the dollar (in crypto/dollar pairs) or against another crypto, via crypto to crypto pairs.

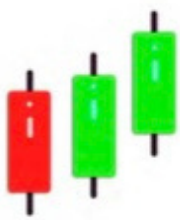
- How to Trade Cryptocurrency?

Step 1: Make a cryptoexchange account.
(Binance, Coibase, Crypto.com, FTX etc.)
Step 2: Fund your account.
Step 3: Pick a crypto to invest in.
Step 4: Choose a strategy. (From our Book)
Step 5: Store your cryptocurrency.



Book chapters

1. Psychology
2. Candle Stick Patterns
3. Trading Strategies
4. Chart Patterns



Simple Trading Book

Page. 6 — Fear of Missing Out

Page. 7 — Health Hazards Associated with Fomo

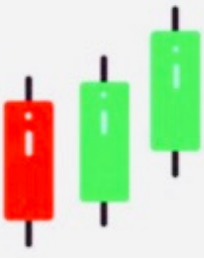
Page. 8-9 — How to Avoid FOMO

Page. 10-25 — Candle Stick Patterns

Page. 26-34 — Trading Strategies

Page. 35-56 — Chart Patterns

Page. 57-64 — Printable Sheets



Psychology

Chapter. 1

Fear of missing out (FOMO)

How to Deal with Crypto FOMO?

"Hey, Max, did you know you missed out on Dogecoin?"

"Everyone made a fortune off it."

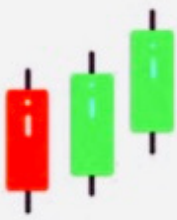
Many investors are terrified by questions like these. So much so that there is even a term for it: FOMO (fear of missing out). Research has found FOMO is more predominant in people ages 18 to 35.

FOMO is a term that's popular in the cryptocurrency community, a market that has become associated with irrational and sometimes unsubstantiated trading decisions.

What Is FOMO in Cryptocurrency Investing?

FOMO in the crypto world occurs when a person makes an irrational decision to trade or invest in a crypto asset based on some piece of information received without properly verifying the source and or accuracy of it.

FOMO in cryptocurrency leads people to buy assets at their highest prices or even sell them at their lowest, rather than vice versa, which would be better advised. Sometimes, the consequences of crypto FOMO can be worse and more profound than a loss of invested capital—it can lead to damaging situations such as disconnection from family, anxiety, and depression.



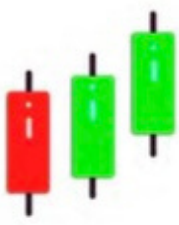
Health Hazards Associated with FOMO

When a person loses trading capital in a bad investment, especially a large amount, it might affect them mentally.

In turn, this failure can be reflected in other aspects of their life, such as relationships, connections with family and friends, and more. The person starts experiencing social decline and gradually becomes dysfunctional if extra care isn't taken.

In an 80-year study of male Harvard students on what makes a good life, the fourth director of the study, Robert Waldinger, mentioned, "The surprising finding is that our relationships and how happy we are in our relationships has a powerful influence on our health."

Waldinger's explanation also can be applied to crypto investing. FOMO in crypto not only can affect people's portfolios but also can translate to how healthy they are and the quality of their lives.



How to Avoid FOMO as a Trader

Take the Time to Research

FOMO is compulsive and driven by information received from a variety of channels. Usually, news like that isn't verified and is interpreted to suit a personal bias.

Rely on Trusted Media Outlets

Conducting research gives you with an edge in overcoming FOMO. Still, an additional helpful practice is having a list of expert individuals and media to turn to for more information. Relying on these selected media outlets and influencers as secondary sources contributes to better decision making on whether to buy or sell a crypto asset. The extra details and clarity can help inform trading or investment decisions.

You Can't Win All the Time

Life is a combination of ups and downs; coming to this realization gives an investor a logical perspective and better grounding. Understanding that one can't always be in a profitable position in investing sets the tone for more wins and being able to handle occasional losses. Not even Bitcoin advocates like MicroStrategy co-founder Michael Saylor are always on the winning side of the crypto market. An crypto investor's or trader's best bet is to develop strategies that make it easy to spot FOMO.

How to Avoid FOMO as a Trader

Developing a Guiding Strategy

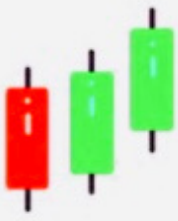
Having a guiding principle is a constructive way to get over the effects of FOMO. It means maintaining a checklist to prevent making drastic decisions or jumping too quickly on the market bandwagon. Your strategy will incorporate nuances like the use case of the crypto assets that you're considering, its tokenomics, and more. Combine fundamental and technical analysis whenever possible to shield yourself from poorly thought-out trading decisions.

Know the Market Is Cyclical

The cryptocurrency market, like others in the financial world, moves in an up-and-down cycle, with bullish and bearish periods. The bull market comprises a series of price highs, and the bear market comes with lows—and with people losing money. Understanding this cycle will help reduce the risk of being driven by FOMO, when you can recognize the right time to enter and exit a trade.

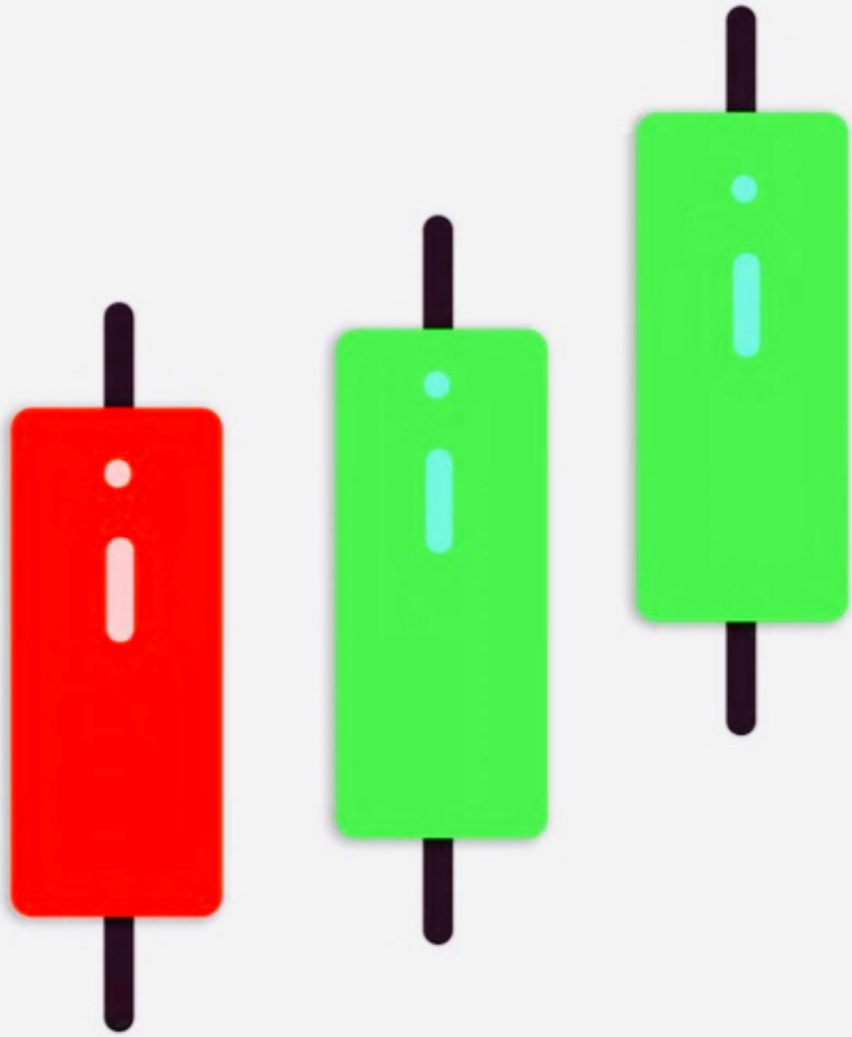
The Bottom Line

Forms of FOMO have been a part of human existence long before cryptocurrency was invented. With cryptocurrency, it can be detrimental because of the potential for losing an entire investment. Following guidance with discipline can help investors avert the danger and influence of cryptocurrency FOMO.



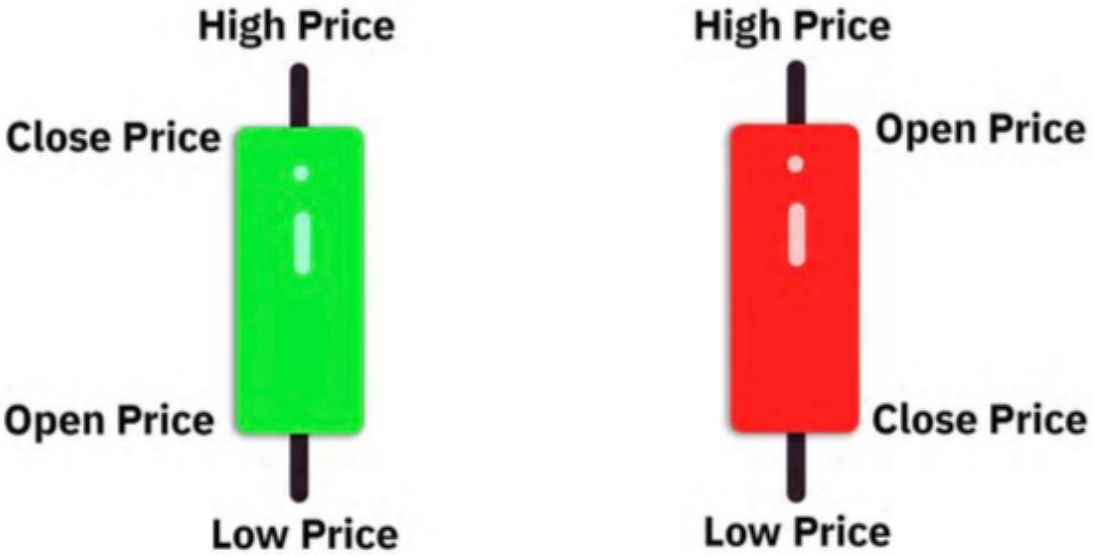
Candle Stick Patterns

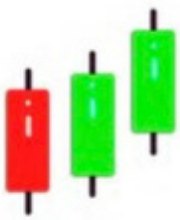
Chapter. 2



What is a Candle Stick?

- A candlestick is a single bar on a candlestick price chart, showing traders market movements at a glance.
  Each candlestick shows the open price, low price, high price, and close price of a market for a particular period of time.
  - **The body**, which represents the open-to-close range.
  - **The wick**, or shadow, that indicates the intra-day high and low.
  - **The color**, which reveals the direction of market movement – a green body indicates a price increase, while a red body shows a price decrease.

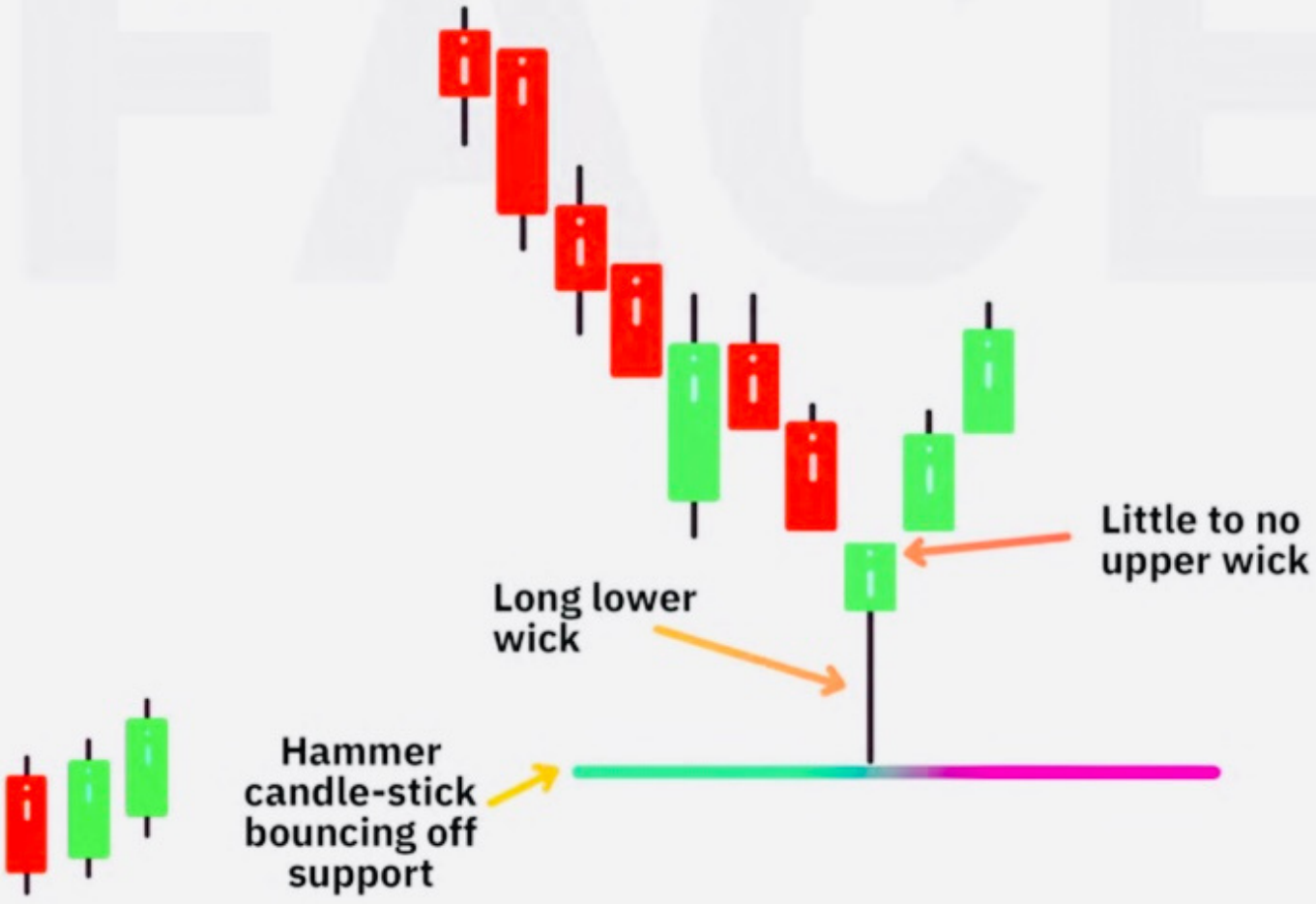




BULLISH
Candle-Stick Patterns

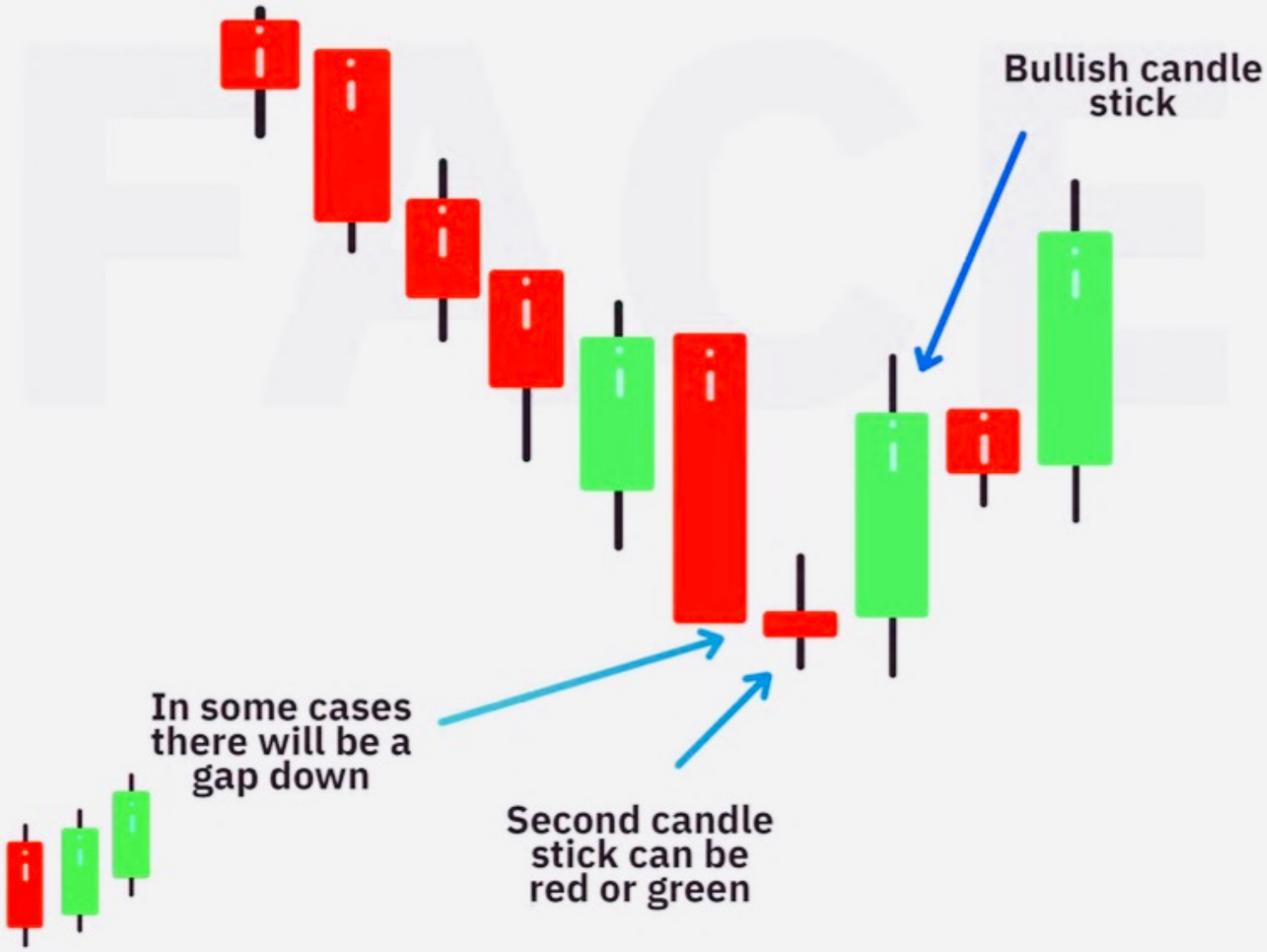
HAMMER

- Hammer candlestick pattern consists of a small body and a long wick extending from the bottom.
- This pattern can be seen at the support line of a downward trend (see example below). Hammer candlesticks typically occur after a price decline.
- Hammer candlesticks indicate a potential price reversal to the upside. The price must start moving up following the hammer; this is called confirmation.



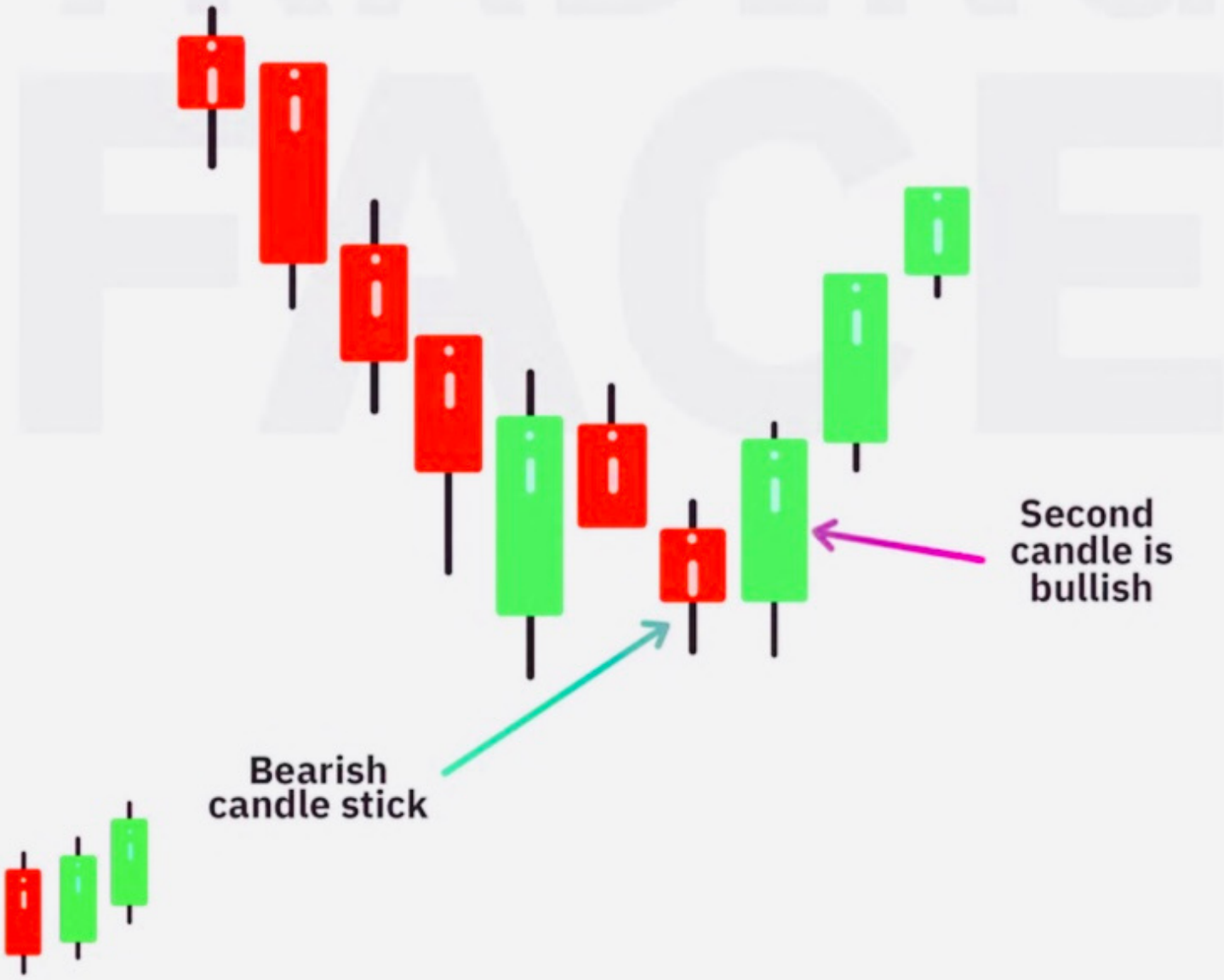
Morning Star

- This is a three-stick pattern: one short-bodied candle between a long red and a long green candle.
- The middle candle of the morning star captures a moment of market indecision where the bears begin to give way to bulls.
- The third candle confirms the reversal and can mark a uptrend.



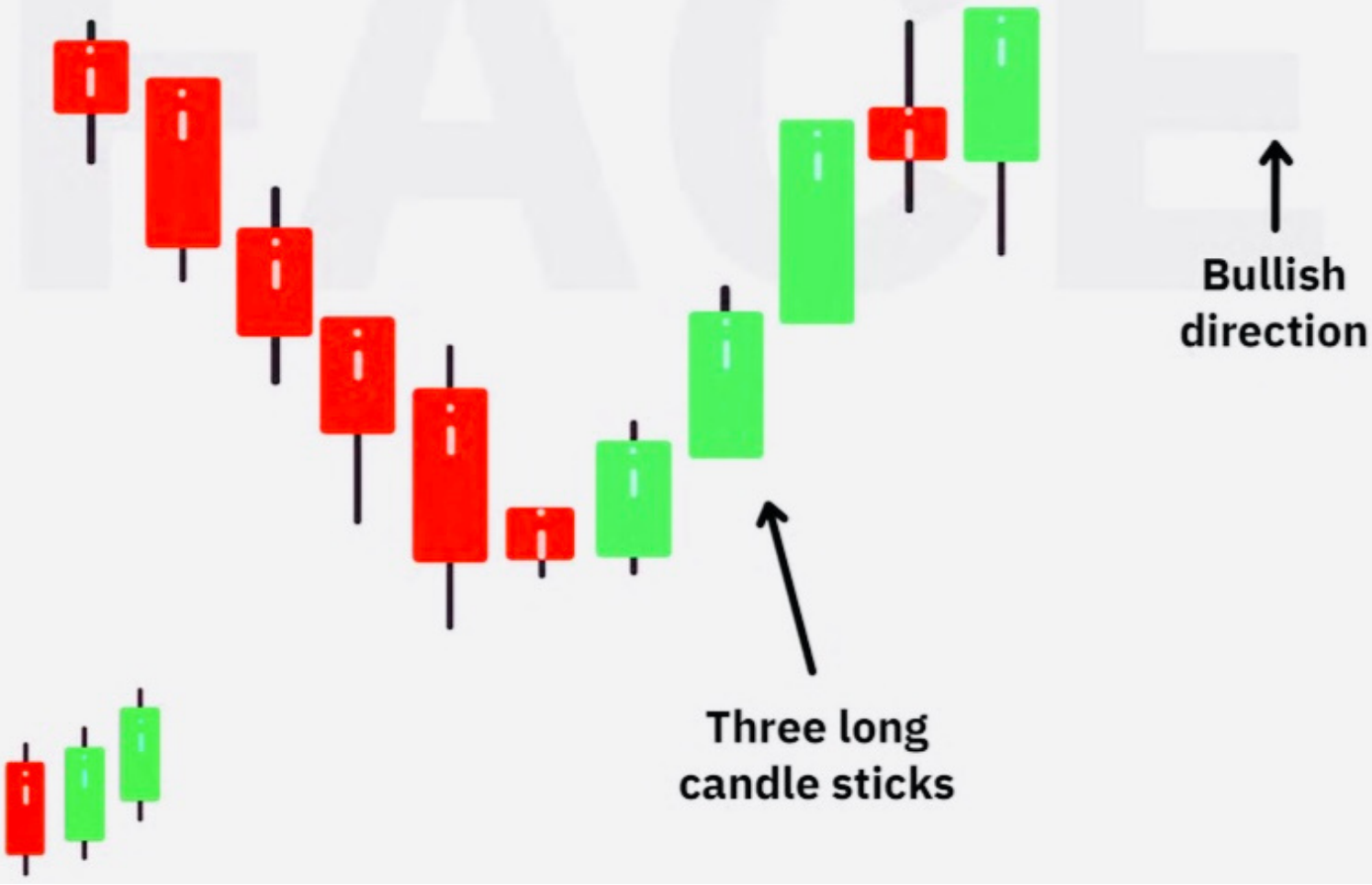
Bullish Engulfing

- The bullish engulfing pattern is formed of two candlesticks. The first candle is a short red body that is completely engulfed by a larger green candle.
- The buying pressure increases, leading to a reversal of the downtrend.
- The second Bullish candlestick is engulfing the body of the first bearish candle stick.

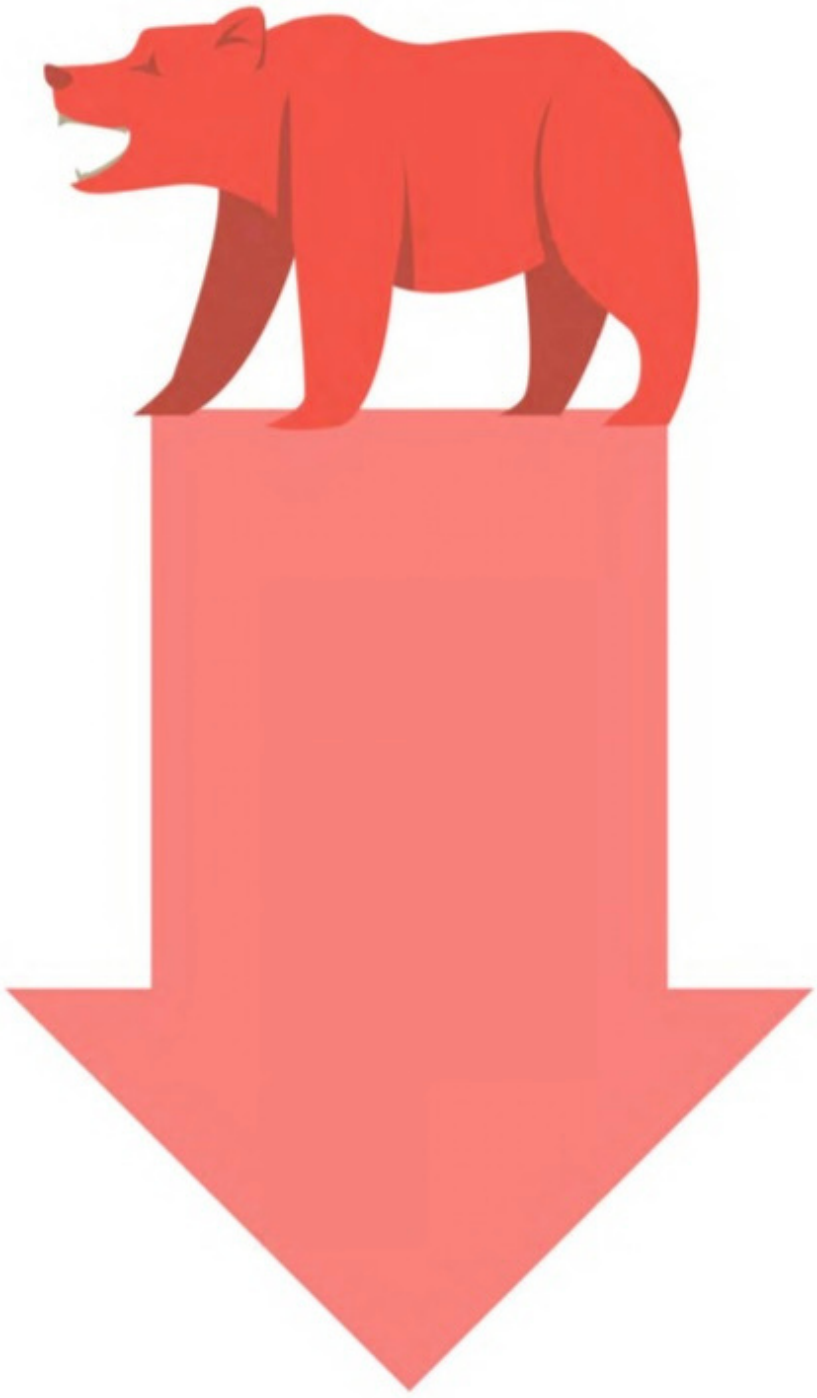


Three White Soldiers

- This pattern is made up of three long green candles in a row, this pattern also has to open and close higher than the previous period.
- Three White Soldiers is a strong bullish signal that shows up after a downtrend.
- This pattern is considered a reliable reversal pattern when confirmed by other technical indicators like the relative strength index (RSI).

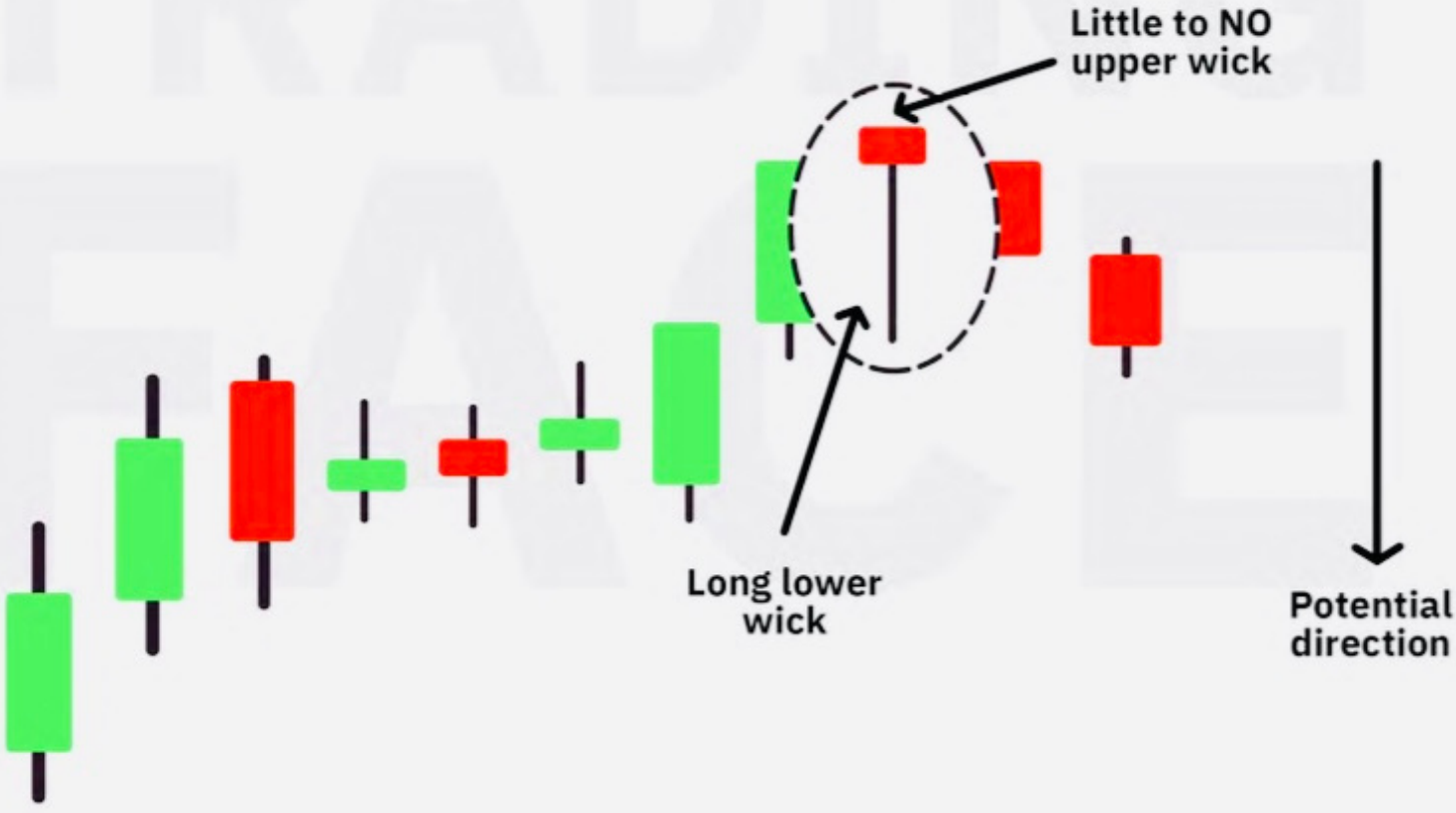


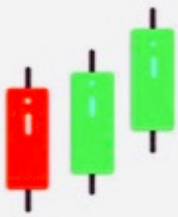
BEARISH
Candle-Stick Patterns



Hanging Man

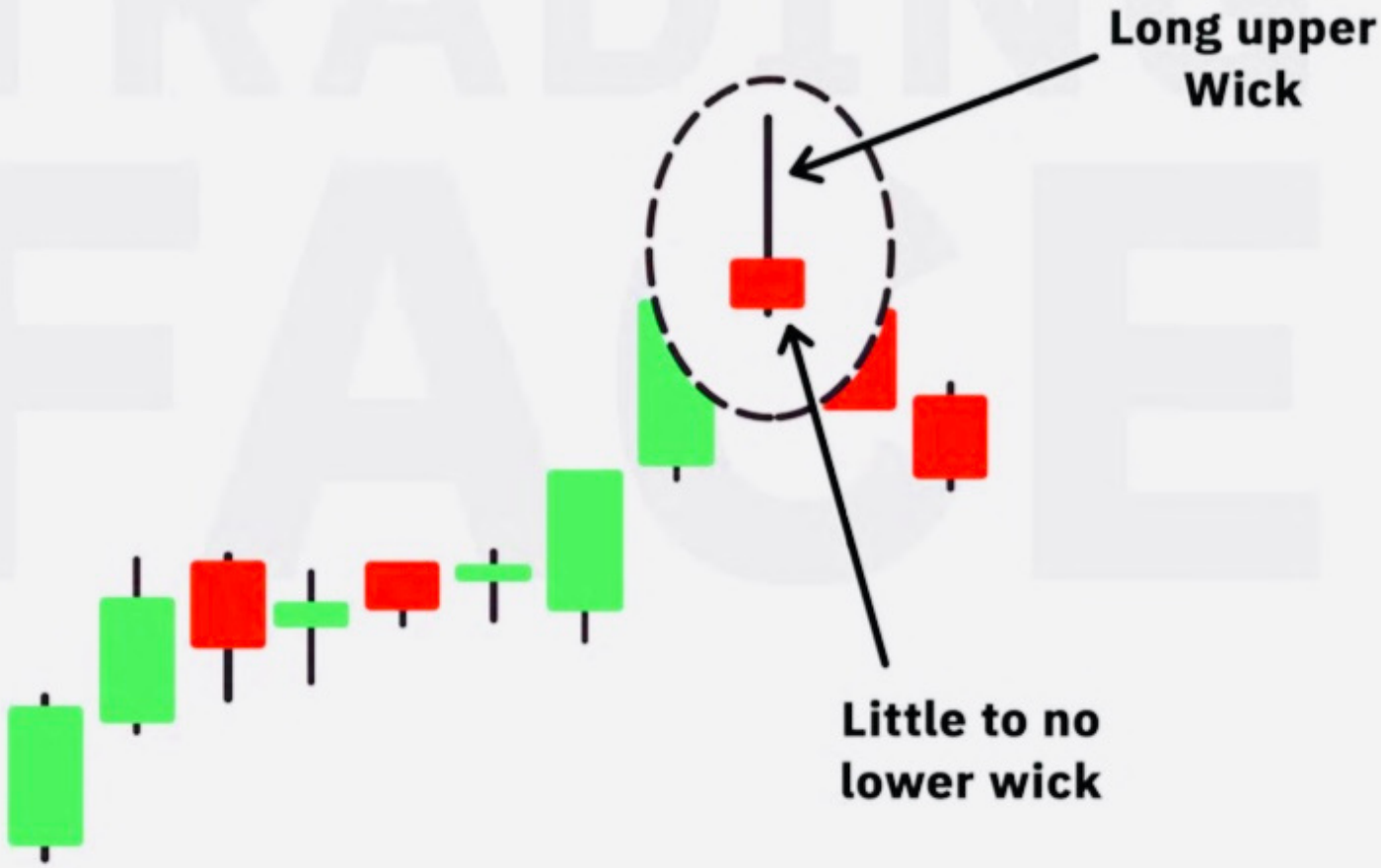
The hanging man is the same pattern as the hammer, only inversed. Thus, it is formed by a green or red candlestick with a short body and a long lower shadow. It shows up at the end of an uptrend. It suggests a considerable sell-off during a given period, but bulls could temporarily push prices higher, after which they lose control.





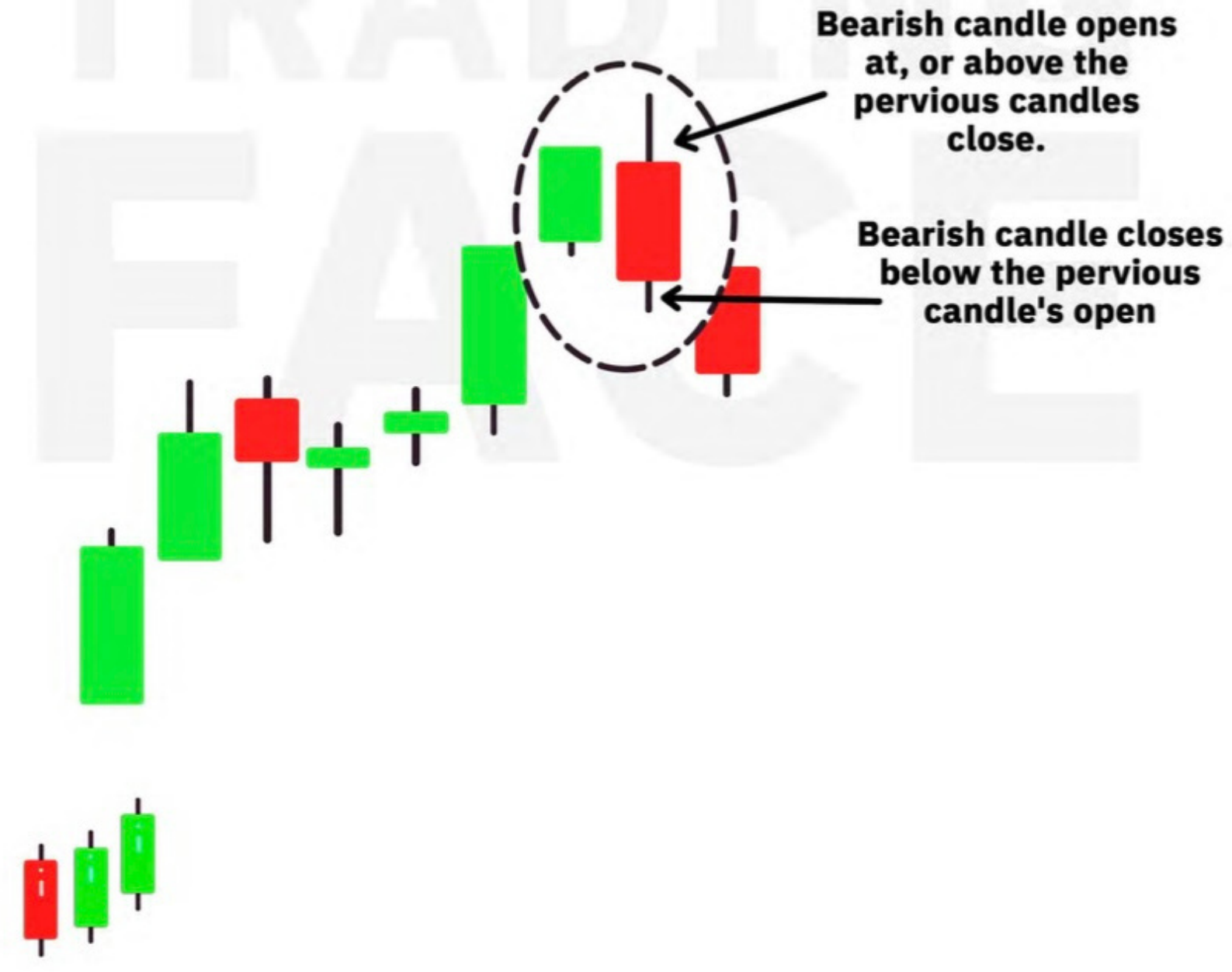
Shooting Star

- The shooting star is the opposite of an inverted hammer. It consists of a red candle with a short body and a long upper shadow. Generally, the market will gap a bit higher on the candlestick opening and will surge to a local peak before closing just below the open. The body can sometimes be almost non-existent.



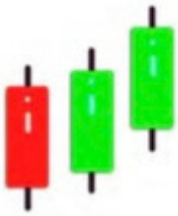
Bearish Engulfing

- The bearish engulfing is the inverse version of a bullish engulfing. The first candle has a small green body and is completely covered by the next long red candle. This pattern comes at the peak of an uptrend and suggests a reversal. The lower the second candle continues, the more momentum the bearish move will have.



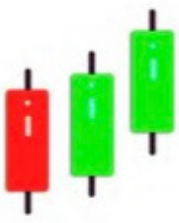
Evening Star

Again, the evening star is the inverse version of the bullish morning star, and it represents a three-stick pattern. It consists of a short-bodied candle that comes between a long green candle and a large red candle.



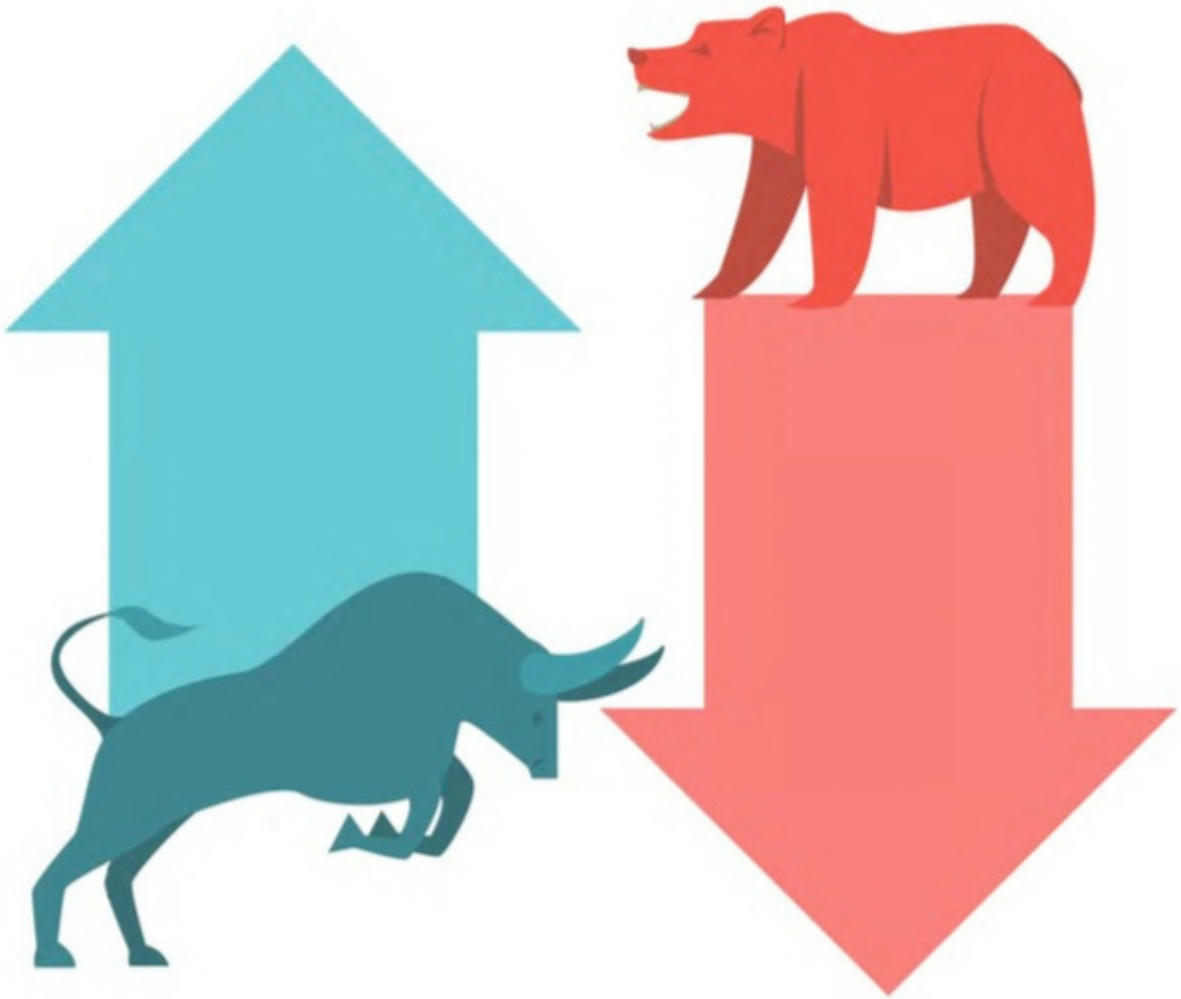
Three Black Crows

The three black crows are like the bullish three white soldiers but only inversed. It comprises three long straight reds with short or almost non-existent shadows. Every new candle opens relatively at the same price as the previous candle, but it goes much lower with every close. This is regarded as a strong bearish signal.



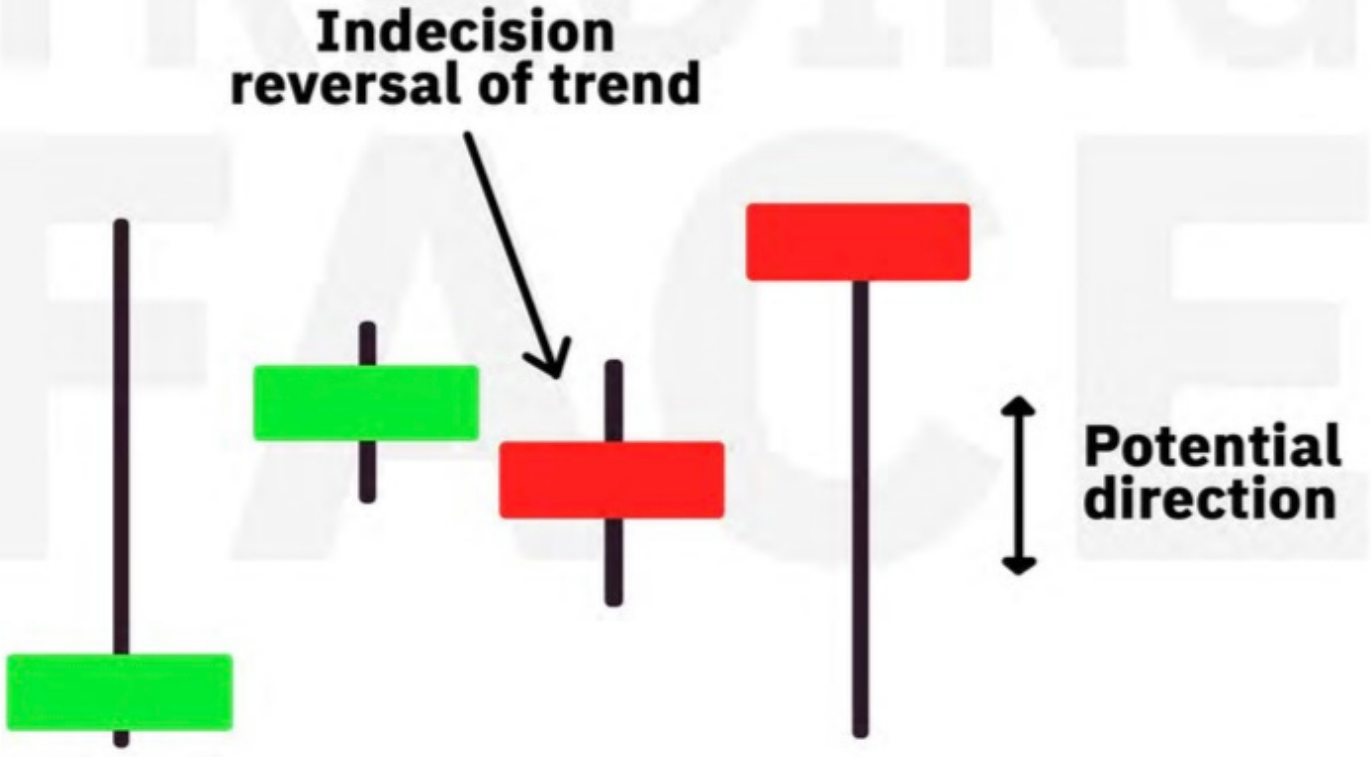
BILATERAL
Candle-Stick Patterns

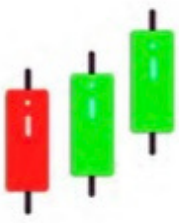
These candle-stick patterns can move in either direction



Doji

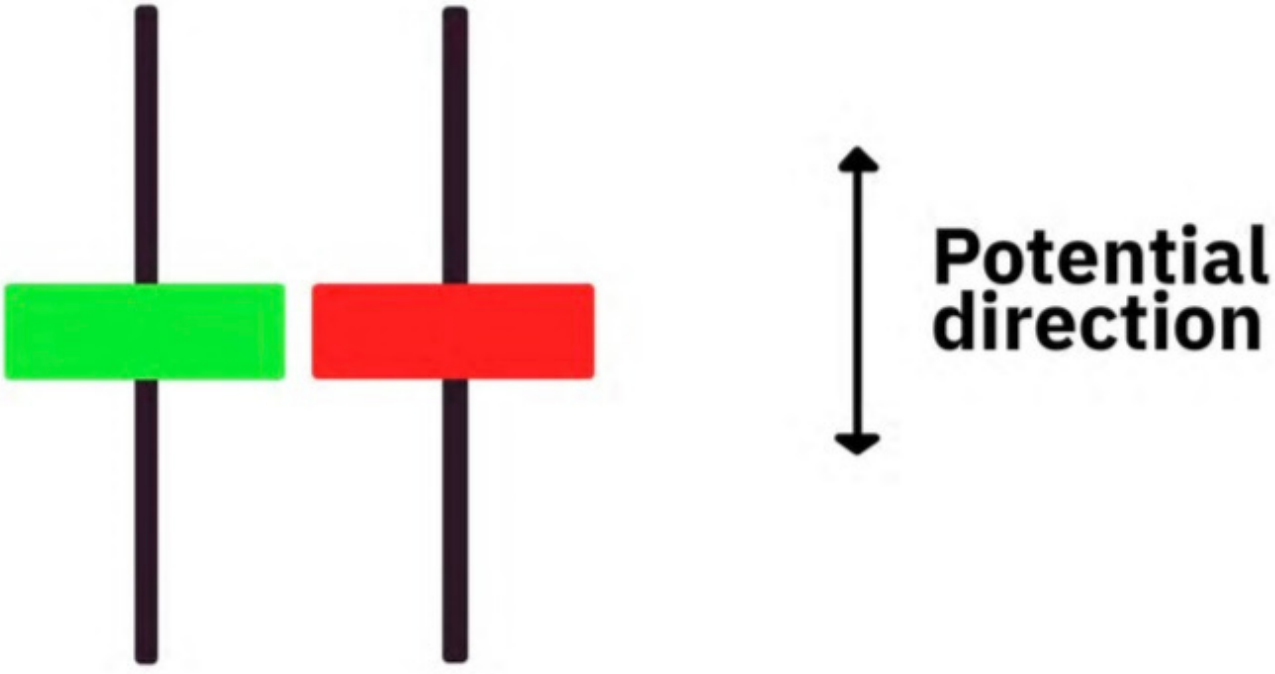
- The Doji candlestick has an exceptionally small body and long shadows. While it is generally perceived as a trend continuation pattern, traders should be careful because it might also end up with a reversal. To avoid confusion, you should open a position a few candles after Doji when the situation becomes clear.

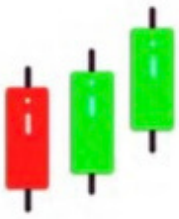




Spinning Top

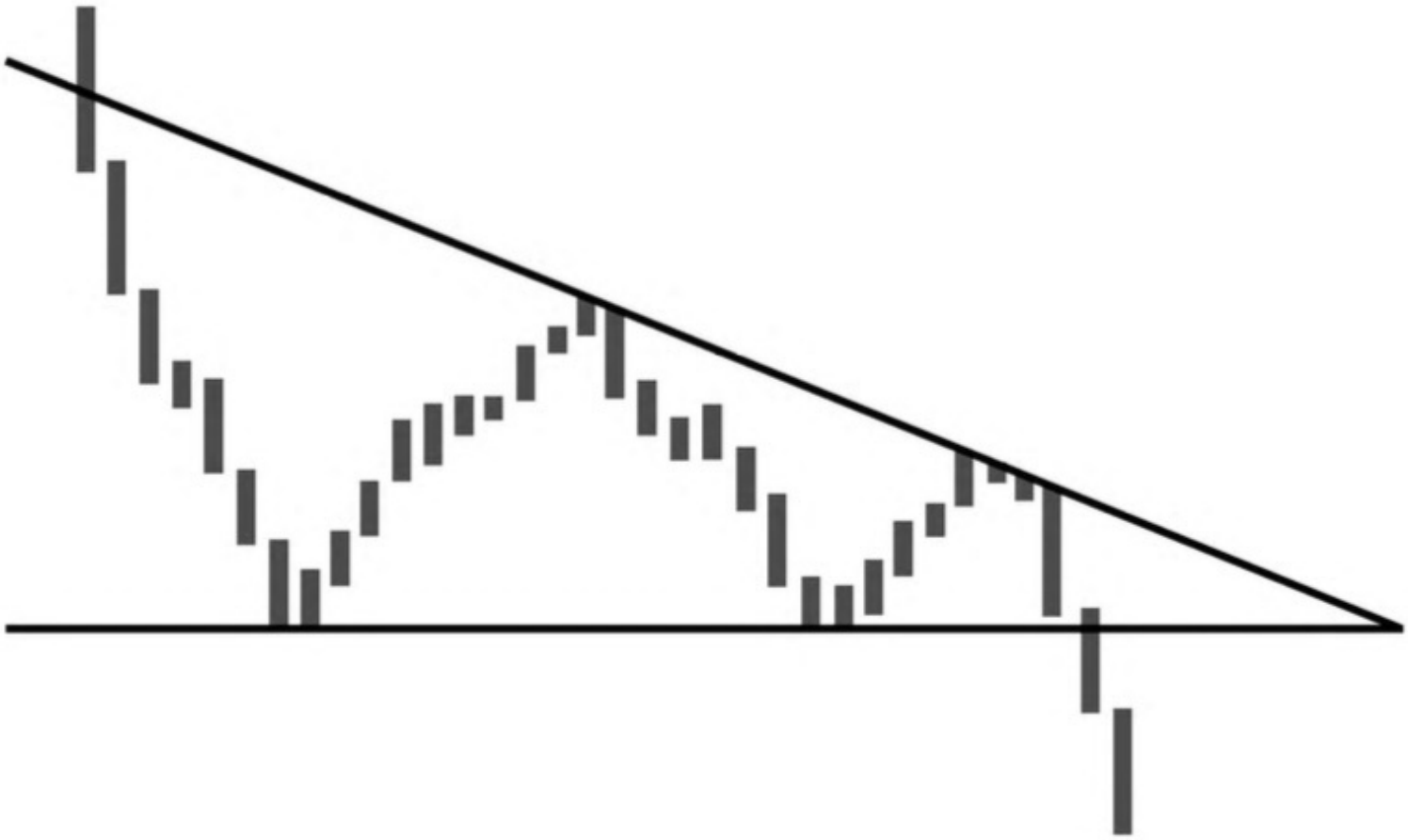
- Like Doji, the spinning top is a candlestick with a short body. However, the two shadows are of equal length, leaving the body right in the middle. This pattern also indicates indecision and may suggest a period of rest or consolidation after a significant rally or price decline.





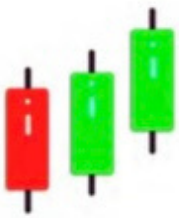
Trading Strategies

Chapter. 3



Trading terms you will need to know

- **Target** = Take your profits/Target price has hit
- **Entry** = We buy here/Enter into the Trade
- **Stoploss** = Sell for a loss in case Trade doesn't go as planned/Maximum Trade loss
- **Retest** = Price is at a key level again/ Bouncing off price
- **Ratio (1:3)** = Three units of expected gain to one unit of potential loss would be represented as a 1:3 ratio

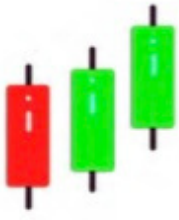


STRATEGY 1

In the above chart, the price is getting rejected again and again by touching the neckline; in this type of pattern, we should take bullish trade only, and we will take the trade only when the price breaks the neckline and take a retest.

Sometimes we make this mistake. Whenever the price breaks the neckline, we immediately buy there, and our trade fails.

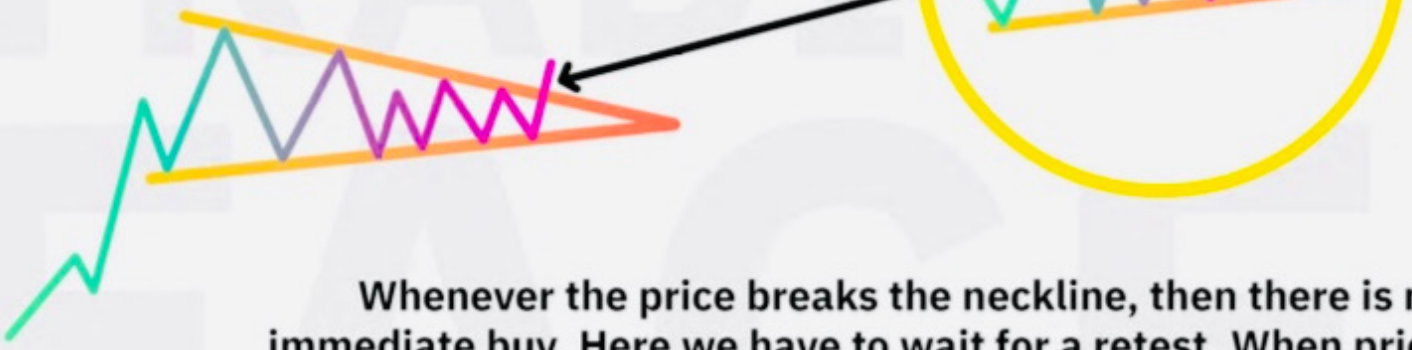
We don't want to make such a mistake; we must wait again whenever the price breaks the neckline. When the price takes a retest and tries to move up with a bullish candle, we have to buy.



STRATEGY 2

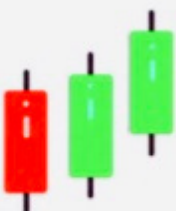
We call this pattern the Symmetrical Continuation Triangle; in this type of pattern, we should look for buying opportunities sometimes, these patterns also fail, but whenever we see such a pattern, we have to go to the buying side.

Now we have to wait for the break of the neckline by forming a neckline in such a pattern. When the price breaks its previous high, then we can buy.



Whenever the price breaks the neckline, then there is no immediate buy. Here we have to wait for a retest. When price retests and price forms a bullish candle, then we can buy.

As we know that after retest, we need a bullish candle, after that, we can buy on the next candle.



STRATEGY 3

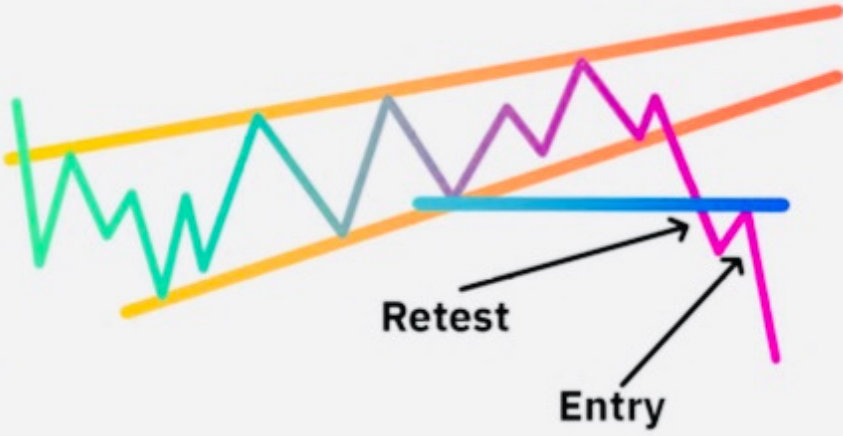
In the chart, we can see a pattern, which we also call a continuation wedge pattern. In this pattern, we can find a downside movement. Now we have to understand here where we have to enter here and where to keep the target.

Sometimes we make this mistake; as soon as the neckline breaks, we sell it there. We don't have to do this because sometimes the price breaks the neckline and moves up, so we have to wait for the previous low to break in such a situation.
We have to enter the trade when the previous low is broken.

Here we can see that the price has broken its previous low. This means we have got the confirmation and we have to go to the sell side.

Now we will wait for the retest here. We do not have to enter the trade until the price is retested. When the price is retested, then we have to enter here.

Here the price retested after breaking the previous low, and the price is trying to move down with a bearish candle; now, we have to enter here and place the stop loss above the previous high.



STRATEGY 3

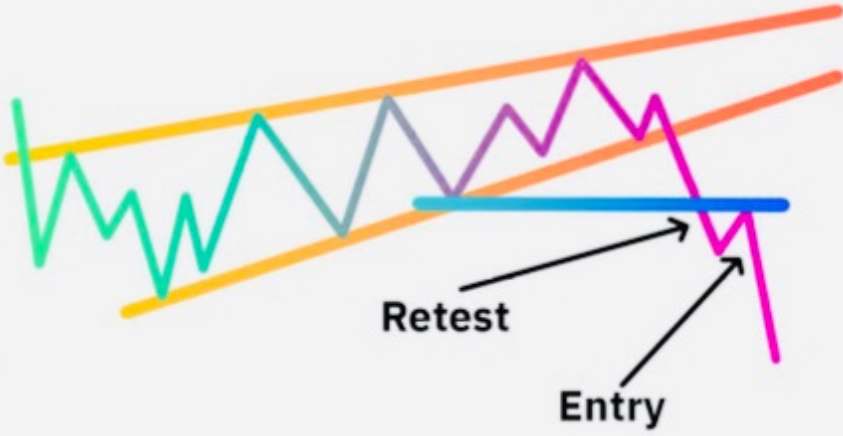
In the chart, we can see a pattern, which we also call a continuation wedge pattern. In this pattern, we can find a downside movement. Now we have to understand here where we have to enter here and where to keep the target.

Sometimes we make this mistake; as soon as the neckline breaks, we sell it there. We don't have to do this because sometimes the price breaks the neckline and moves up, so we have to wait for the previous low to break in such a situation.
We have to enter the trade when the previous low is broken.

Here we can see that the price has broken its previous low. This means we have got the confirmation and we have to go to the sell side.

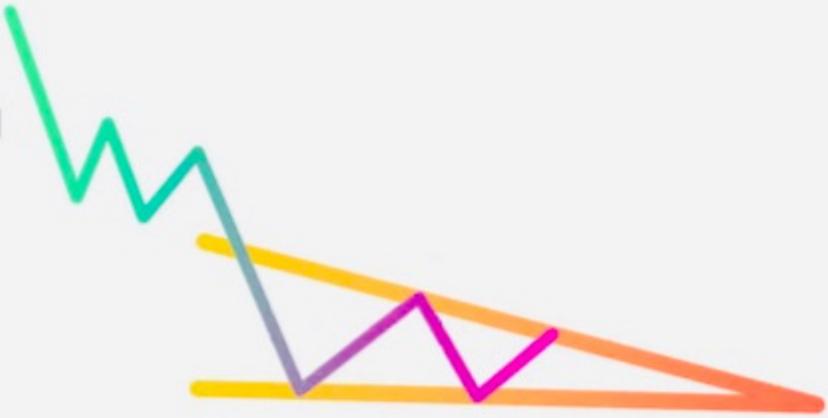
Now we will wait for the retest here. We do not have to enter the trade until the price is retested. When the price is retested, then we have to enter here.

Here the price retested after breaking the previous low, and the price is trying to move down with a bearish candle; now, we have to enter here and place the stop loss above the previous high.



STRATEGY 4

In the above chart we can see a pattern, which has not been completed. This pattern is created when the price is in a downtrend.

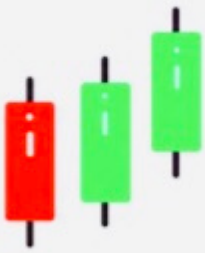


We can also call it a Symmetrical Continuation Triangle. Whenever such a pattern is formed, we can see a downside momentum.

Now that this pattern is not completed here, we have to wait for the pattern to be completed. When the pattern is complete, then we will take a position here.

Here the price has broken the neckline; here we can also say that the previous low break now as soon as the price has broken the neckline, we will enter there.

Here we can also place our stop loss at level 1 and also at level 2. But we will place our stop loss here at level 2.

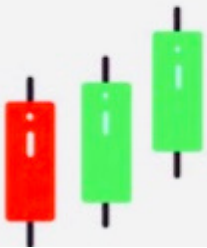


STRATEGY 5

In this chart, we can see a pattern. Which we also call the flag (bearish) pattern.

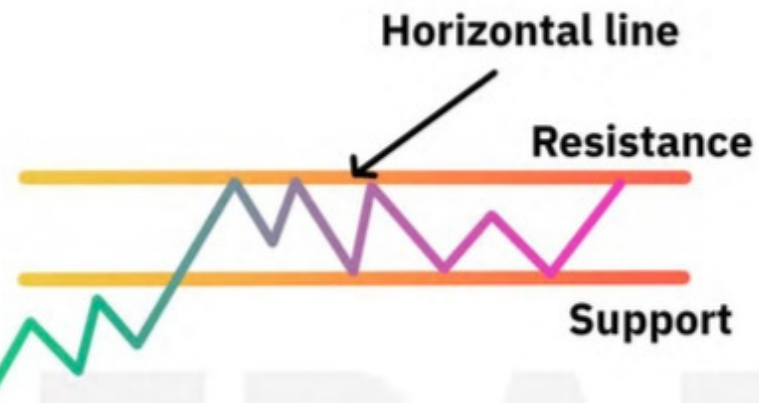
This type of pattern is formed in adowntrend. Now we have to enter here; we have to wait till the price breaks the neckline.

Price has broken the neckline here.
Now let's make a selling position here in this type of pattern.



STRATEGY 6

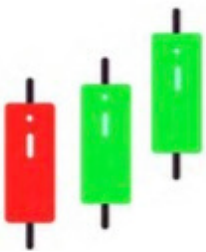
This type of pattern is formed after an upside or downside momentum, which we call consolidation.



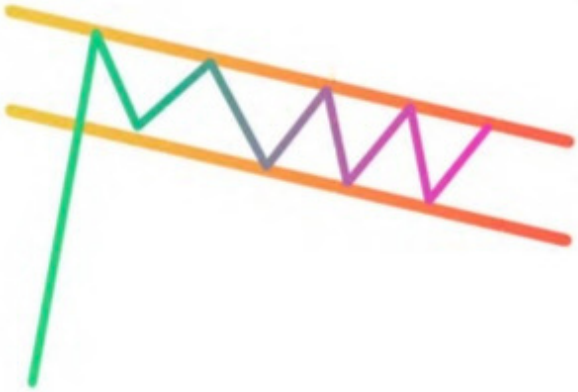
Whenever such a pattern is found in the chart, then we have to take the high and low on the horizontal line, which means add support and resistance and wait for the price to exit the horizontal line either the price will go down or else Upside

As soon as the candle comes out of the resistance, then we have to wait for the retest, and as soon as the retest happens, after a bullish candle, we have to enter, as explained to you above.

In **A** we are confirmed that yes we have a Bullish Momentum can be found and we enter on **B**

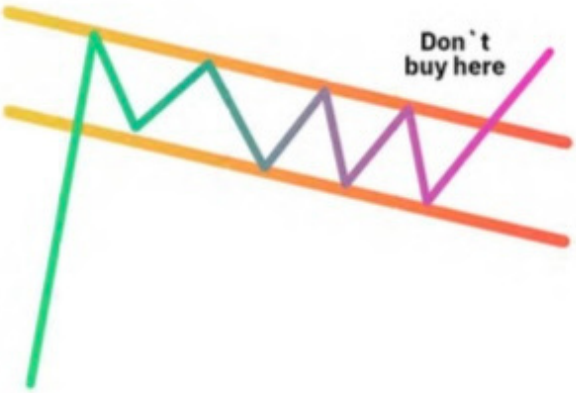


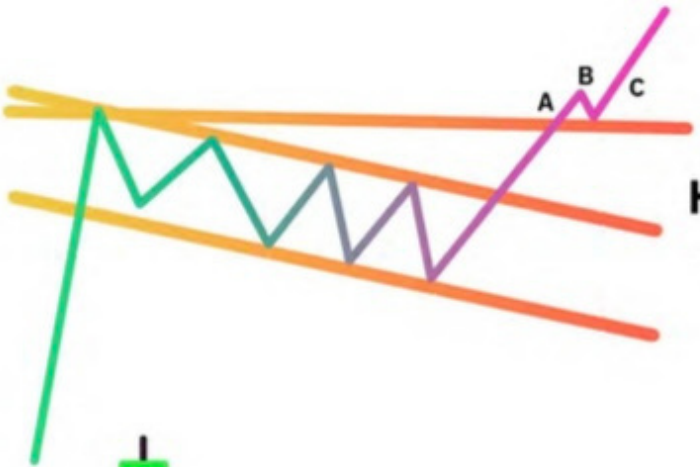
STRATEGY 7



The pattern we can see in the chart it's called the flag pattern. This is a bullish pattern. Whenever such a pattern is formed, we can get good bullish momentum. Now we will enter here only when the price breaks the previous high.

Here the price has broken the neckline, but it does not mean that we will buy here; if the price keeps moving below the previous high, the pattern may fail. If we want to make a proper entry here, we will have to wait for the last high to break





In this chart, we can see **A**, **B**, **C**, Candle

Here we can notice that if we enter after **A**, then our stop loss will get bigger. **B** becomes a bearish candle **C** becomes a bullish candle.

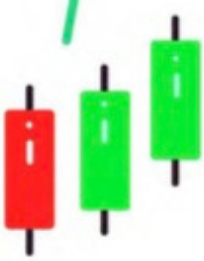
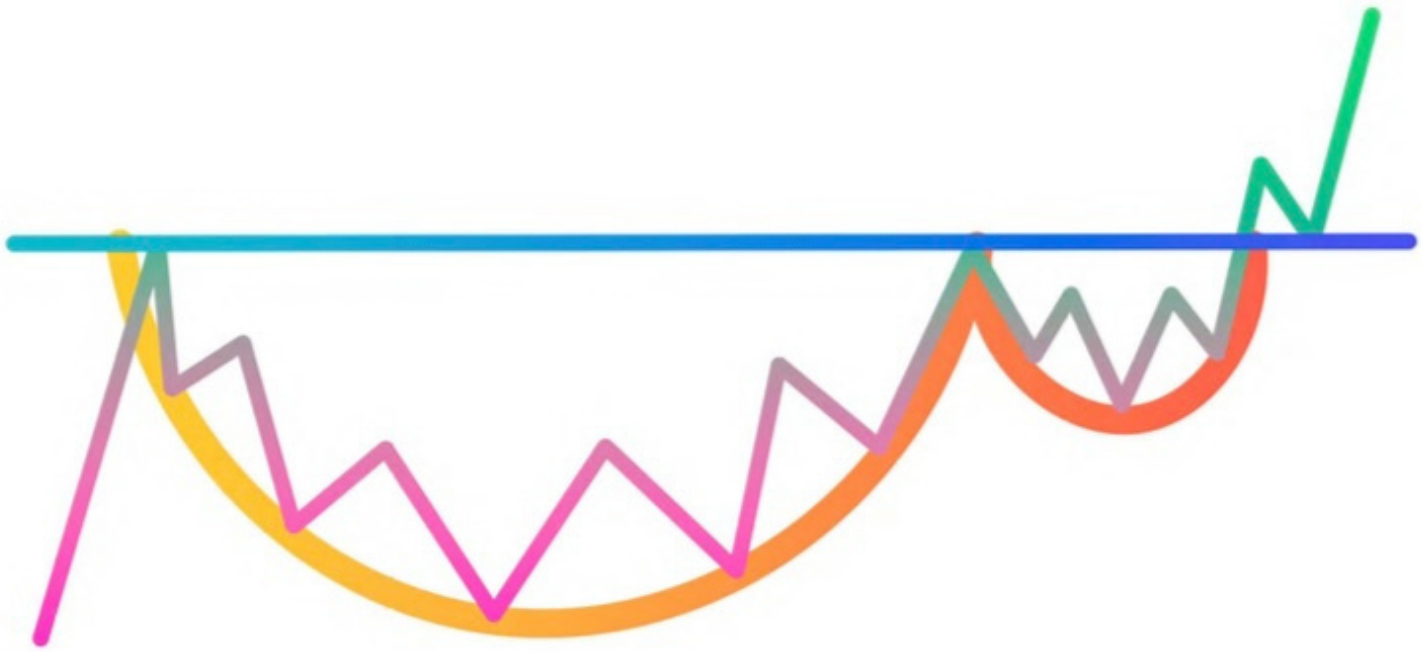
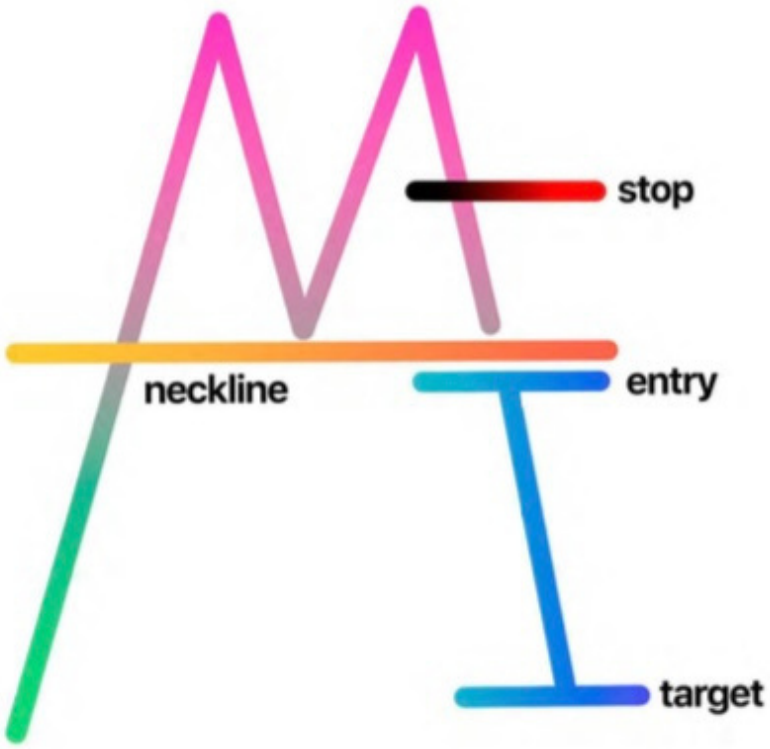


Chart Patterns

Chapter. 4

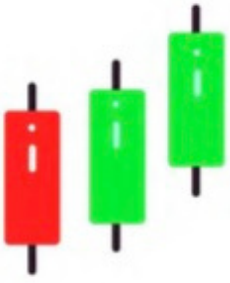


Double Top

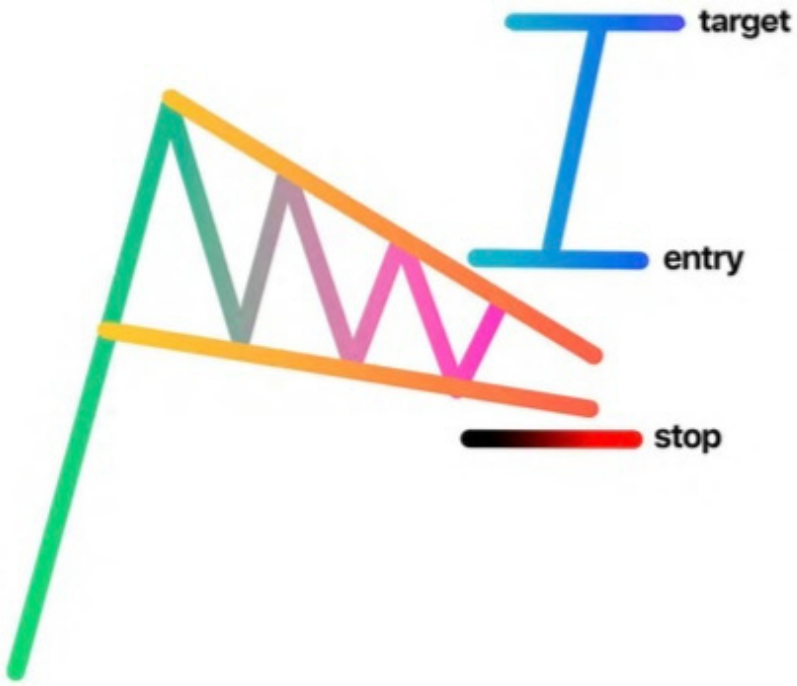


Example

Chart: BTC/USDT
Time frame: 2H
Date: 05 Oct` 22

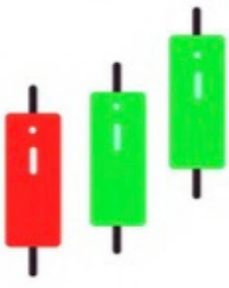


Falling Wedge

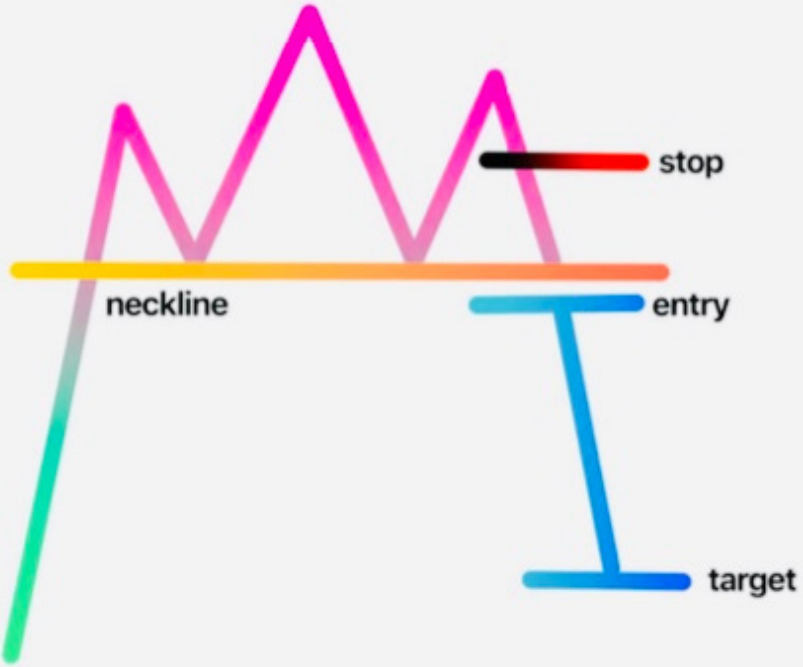


Example

Chart: GRT/USDT
Time frame: 4H
Date: 25 Jul` 22

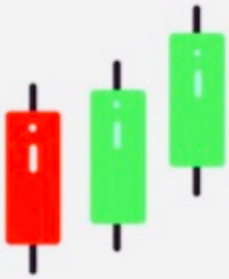


Head and Shoulders

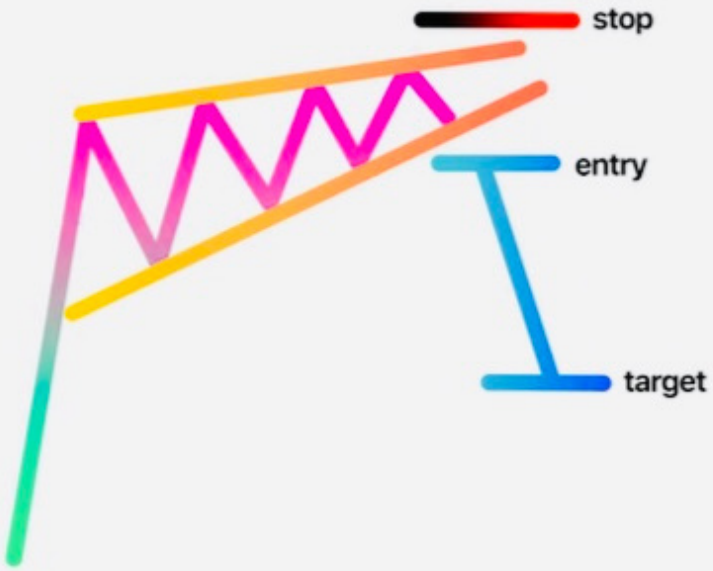


Example

Chart: NATGASUSD
Time frame: 1D
Date: 19 Aug` 22

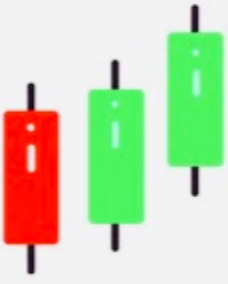


Rising Wedge

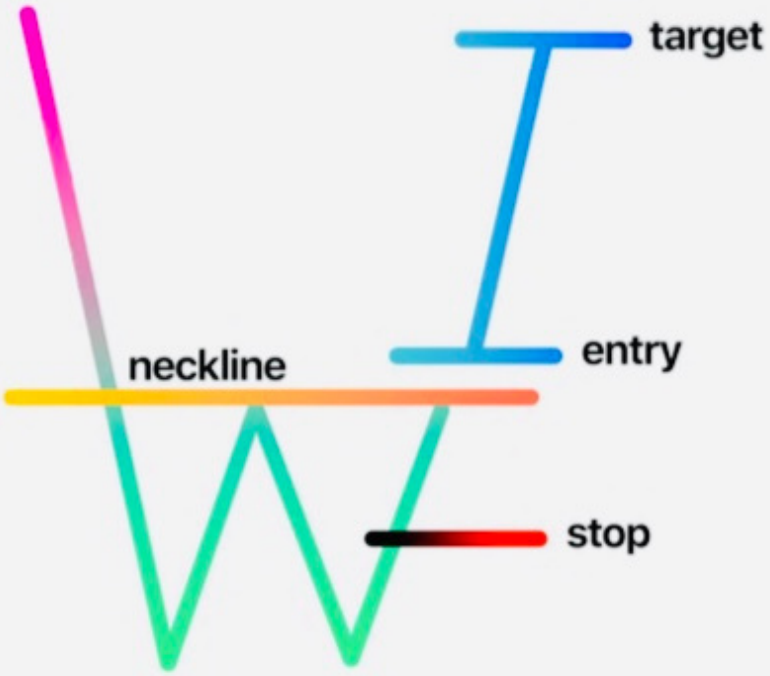


Example

Chart: BTCUSDT
Time frame: 4H
Date: 06 Aug` 22

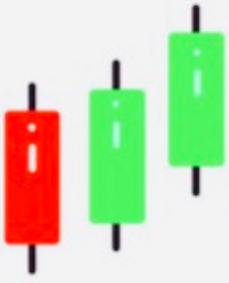


Double Bottom

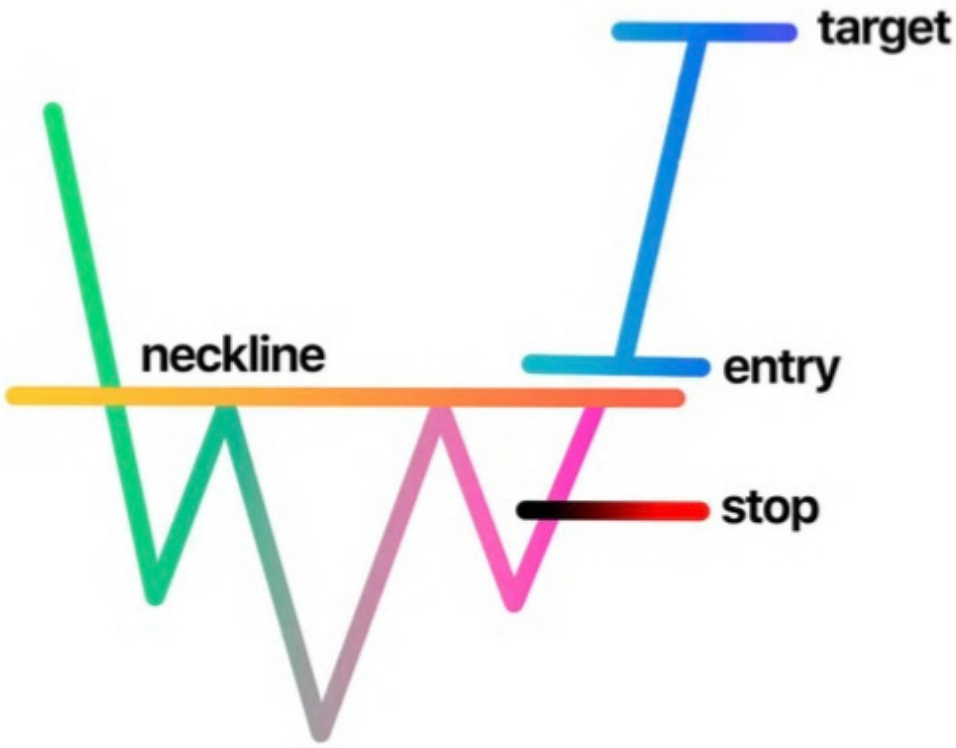


Example

Chart: USDCHF
Time frame: 4H
Date: 29 Sep` 22

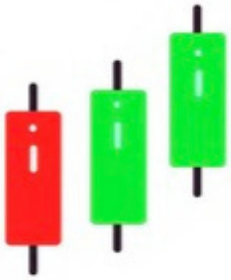


Inverse Head and Shoulders

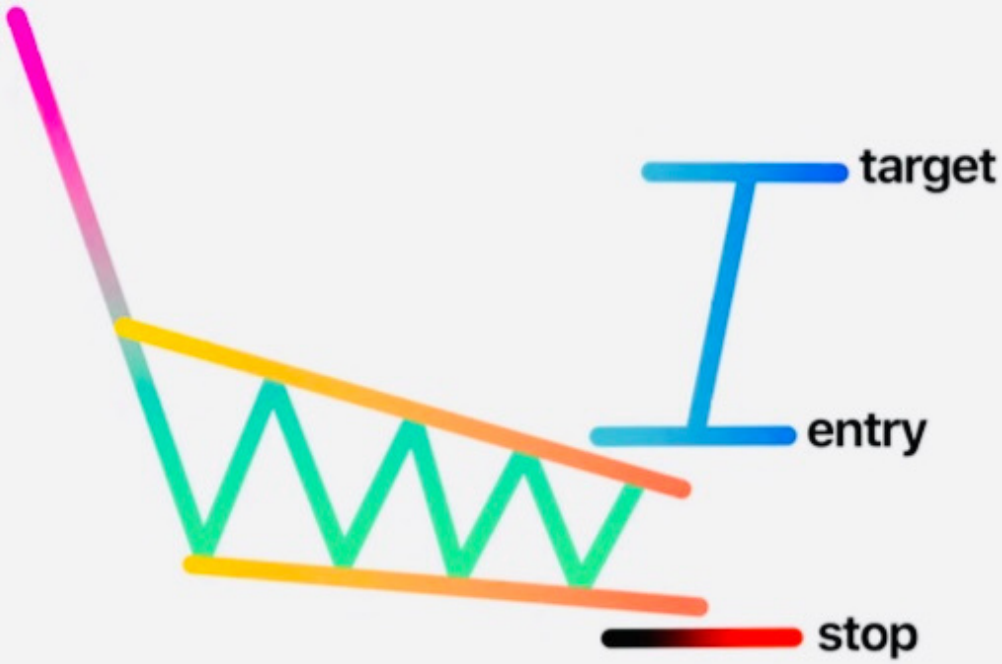


Example

Chart: BATA INDIA
Time frame: 1H
Date: 07 Mar` 22

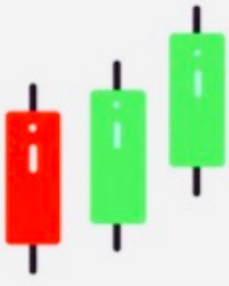


Falling Wedge

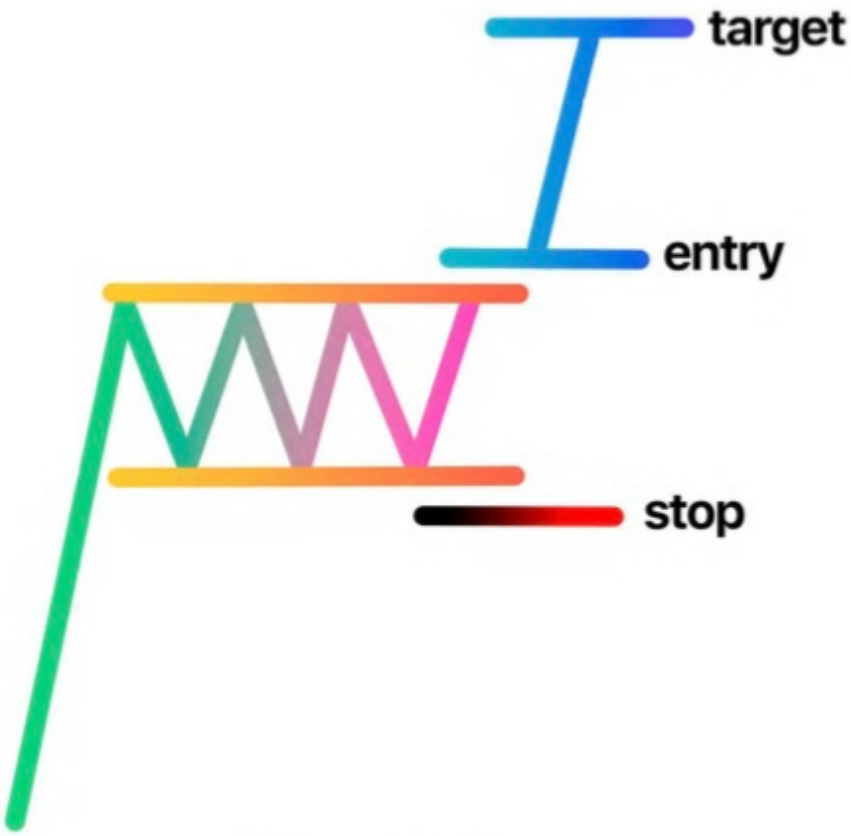


Example

Chart: NZDCAD
Time frame: 1D
Date: 05 Aug` 22

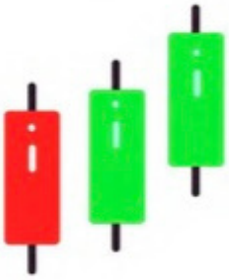


Bullish Rectangle

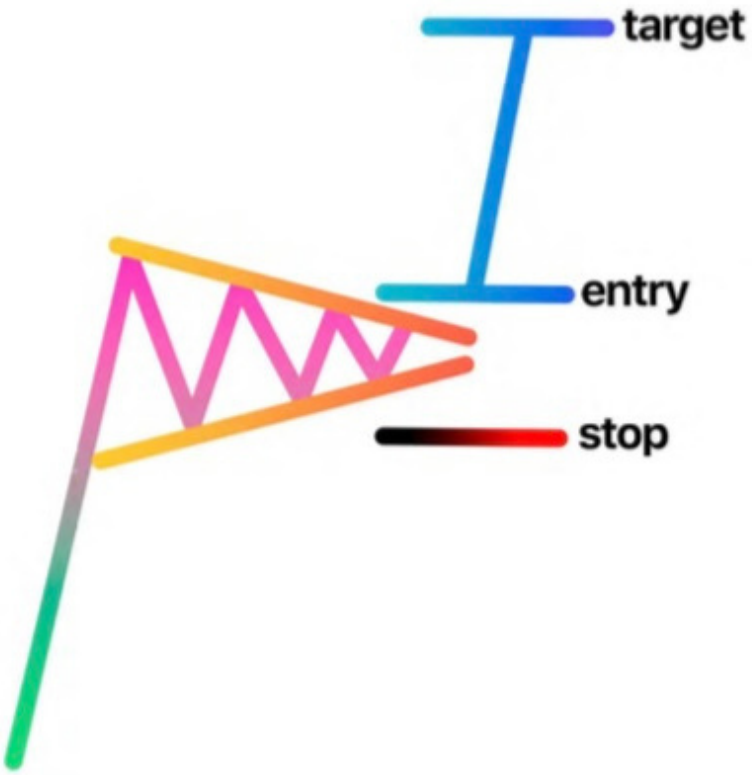


Example

Chart: GBPJPY
Time frame: 4H
Date: 13 Aug` 20

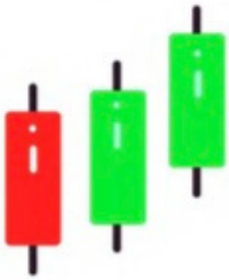


Bullish Pennant

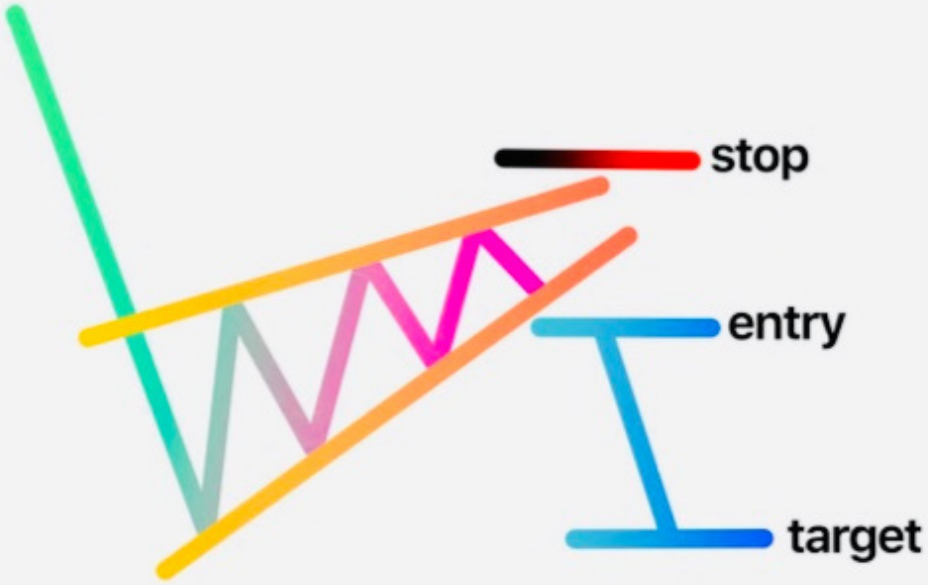


Example

Chart: ENJUSDT
Time frame: 18H
Date: 24 Nov` 21

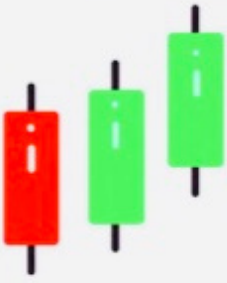


Rising Wedge

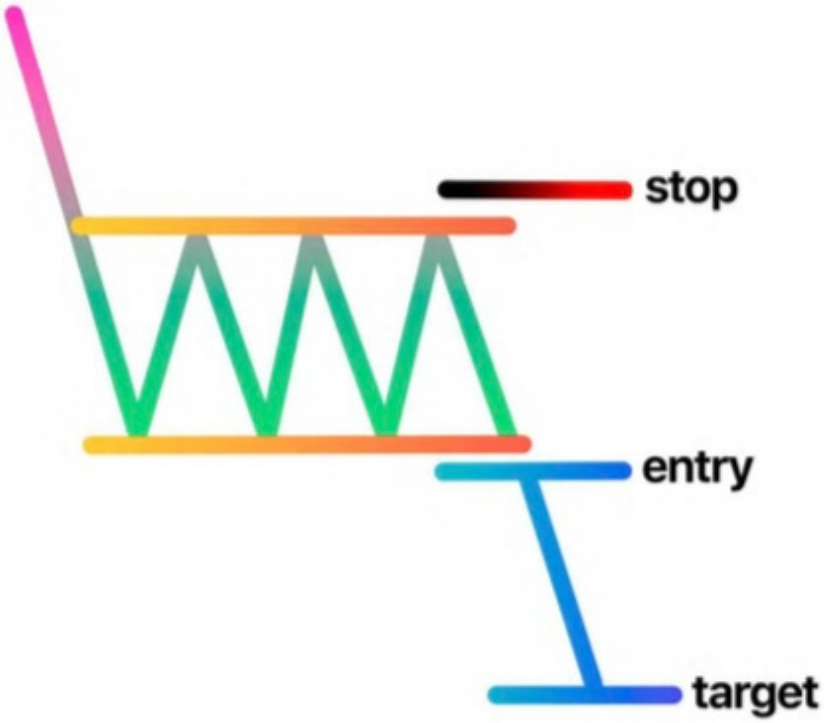


Example

Chart: BTCUSDT
Time frame: 4H
Date: 26 Aug` 22

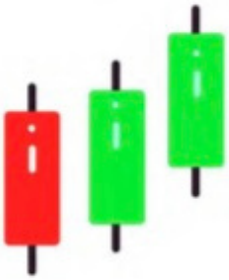


Bearish Rectangle

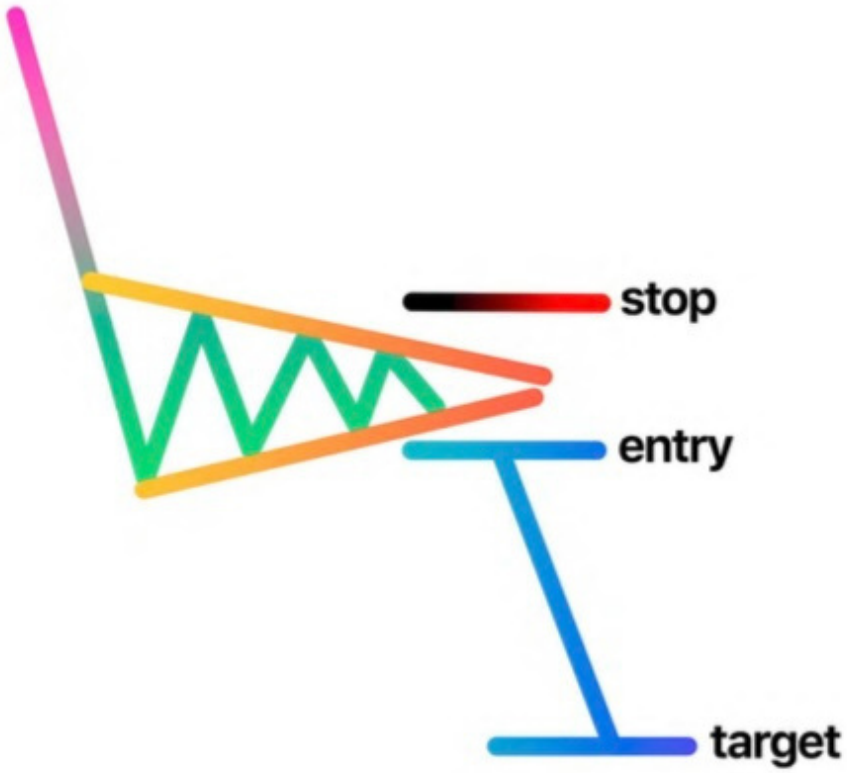


Example

Chart: GALAUSDT
Time frame: 2H
Date: 20 Jan` 22



Bearish Pennant



Example

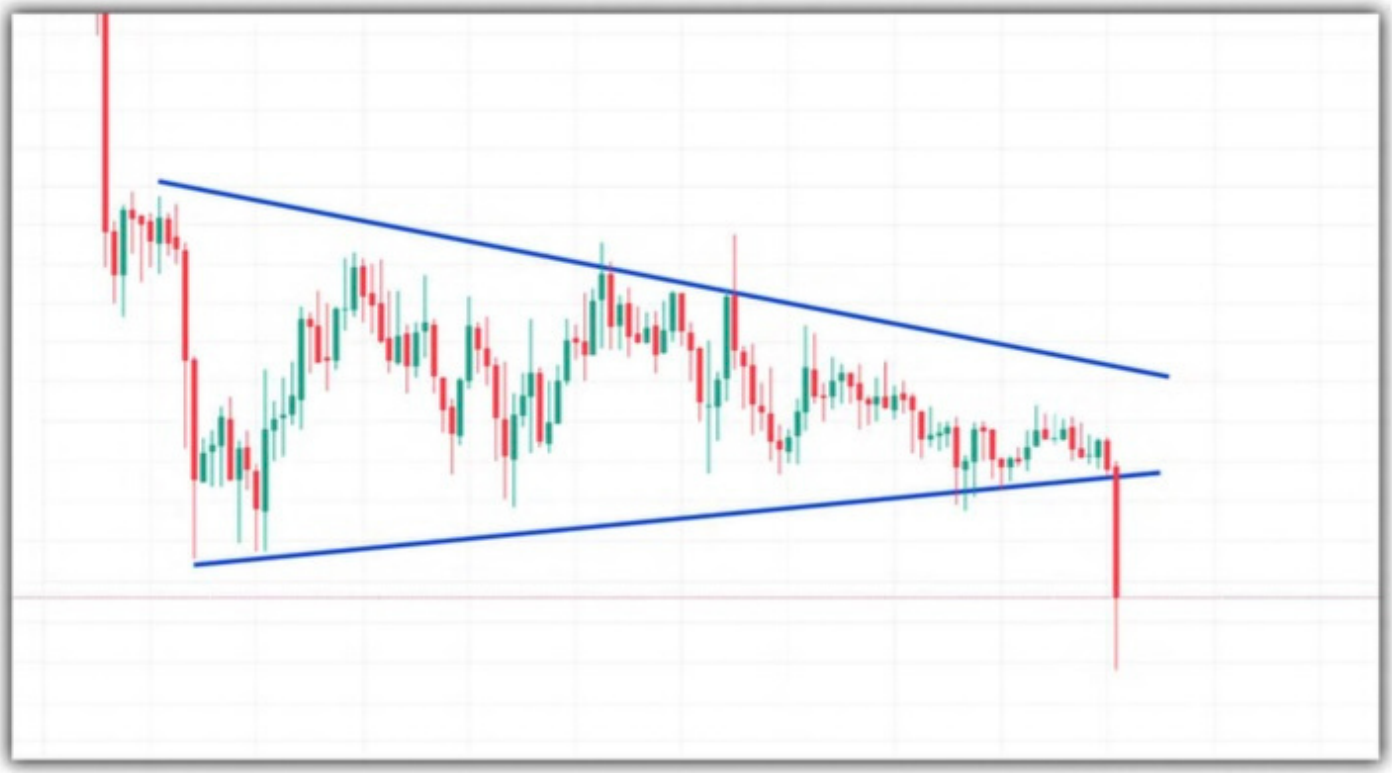
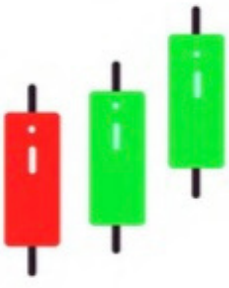
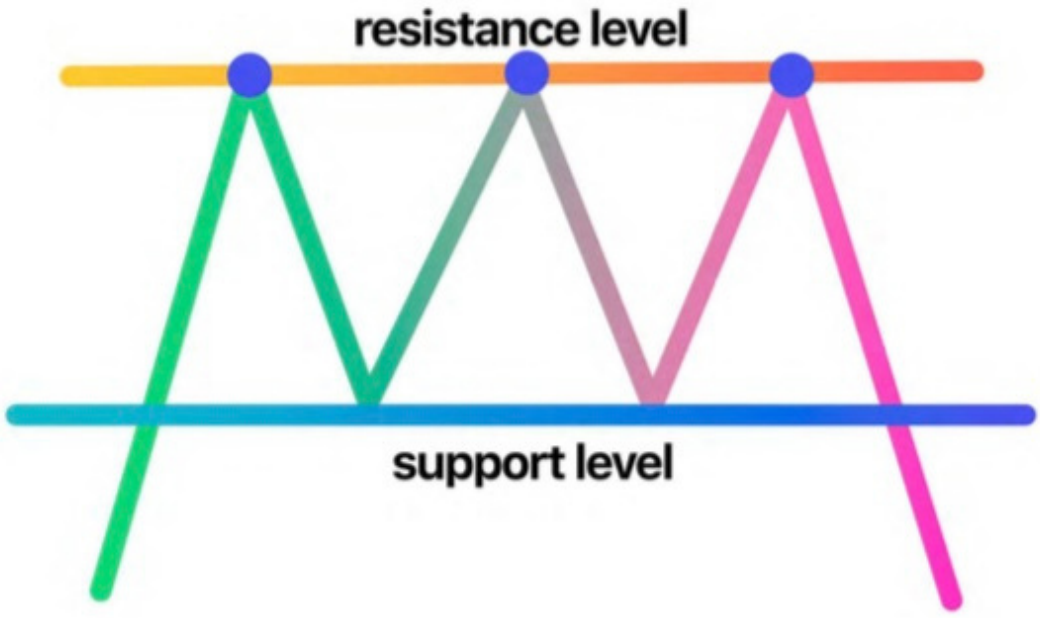


Chart: ADAUSDT
Time frame: 1H
Date: 02 Oct` 22

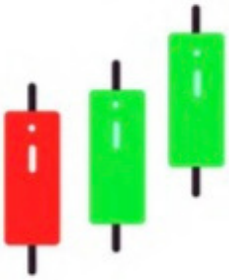


Triple Top

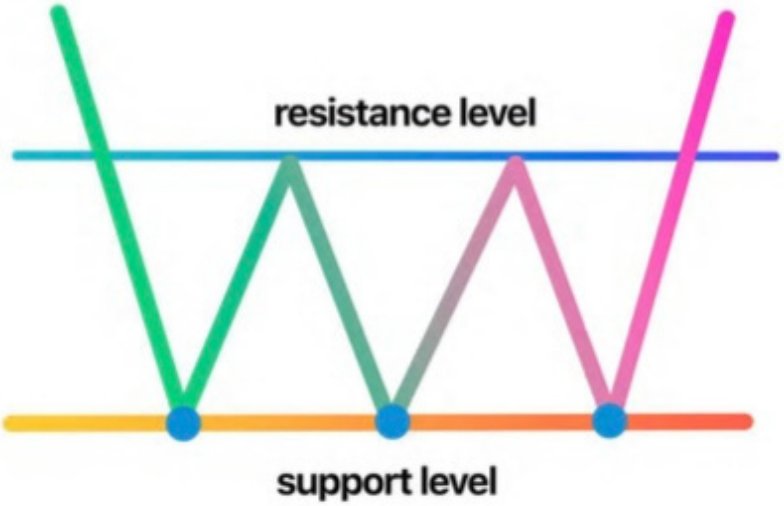


Example

Chart: ADAUSDT
Time frame: 1H
Date: 06 Sep` 22

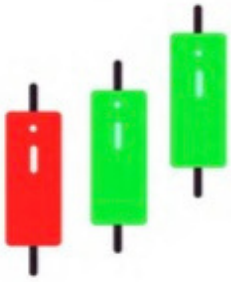


Triple Bottom



Example

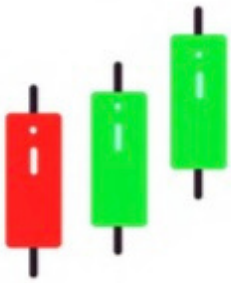
Chart: ETHUSDT
Time frame: 30m
Date: 28 Sep` 22



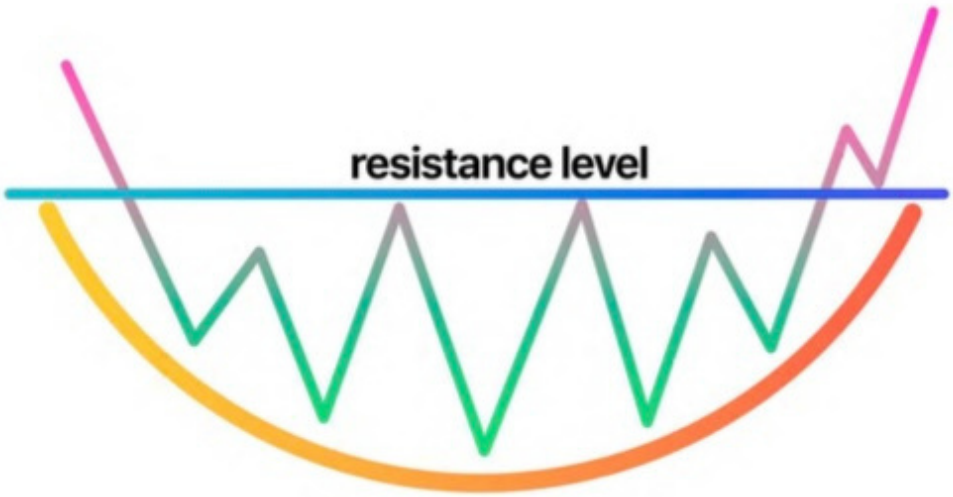
Bearish Diamond Pattern

Example

Chart: GBPNZD
Time frame: 4H
Date: 09 Feb` 22

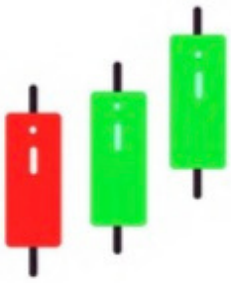


Rounding Bottom

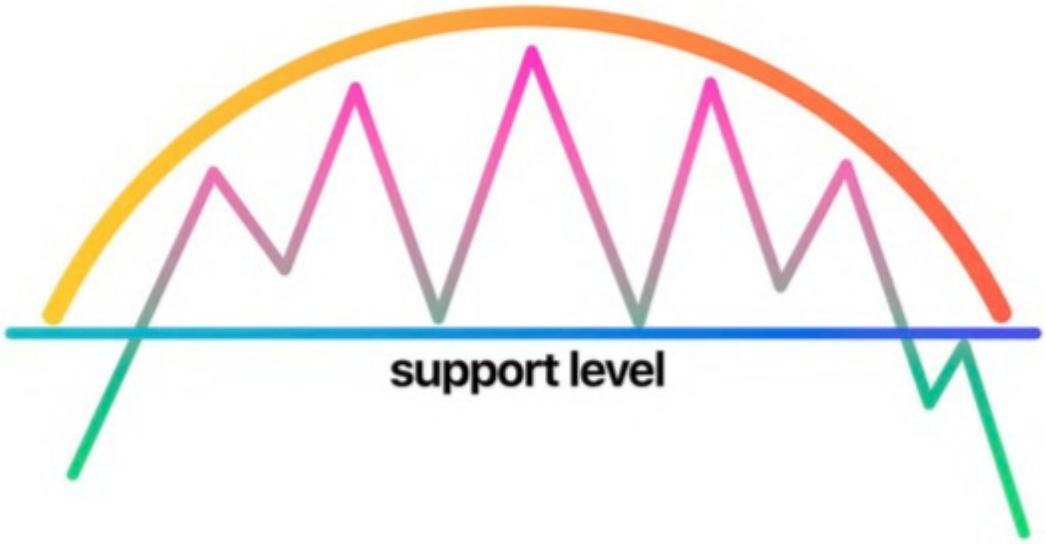


Example

Chart: AVAXUSDT
Time frame: 1D
Date: 24 Aug` 21

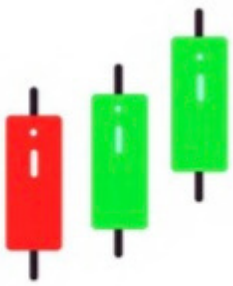


Rounding Top

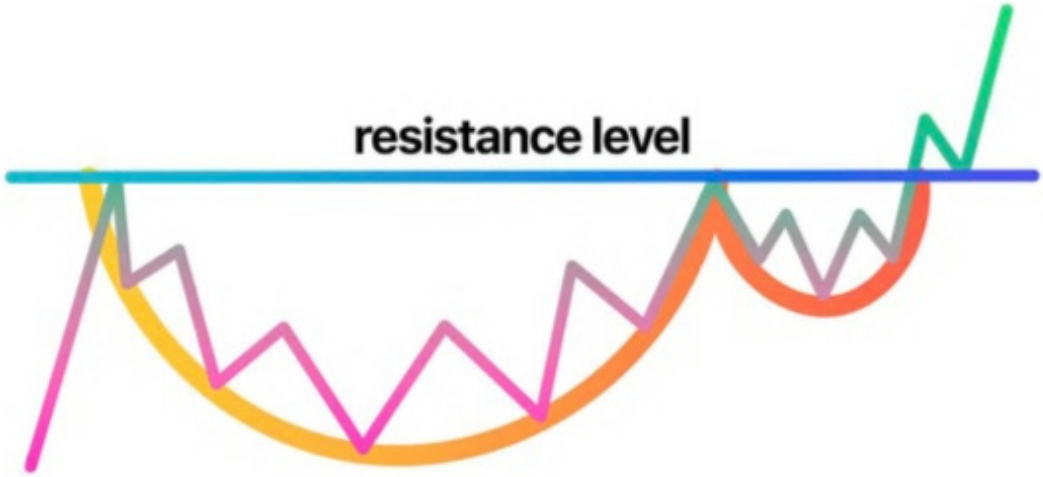


Example

Chart: AUDUSD
Time frame: 4H
Date: 19 Sep` 19

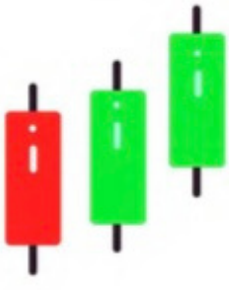


Cap and Handle

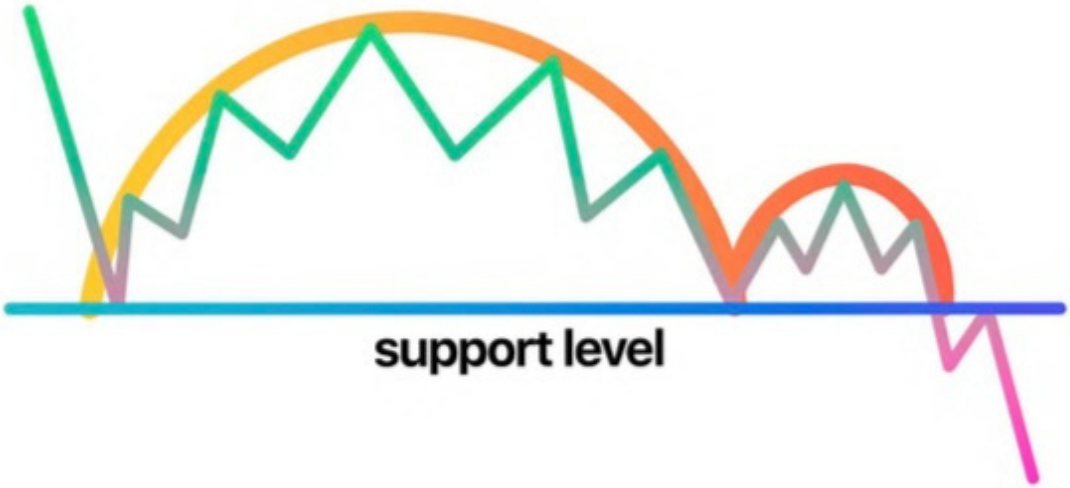


Example

Chart: ETHUSDT
Time frame: 4H
Date: 08 Aug` 22

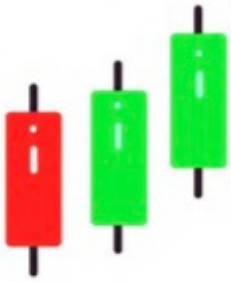


Inverse Cap and Handle

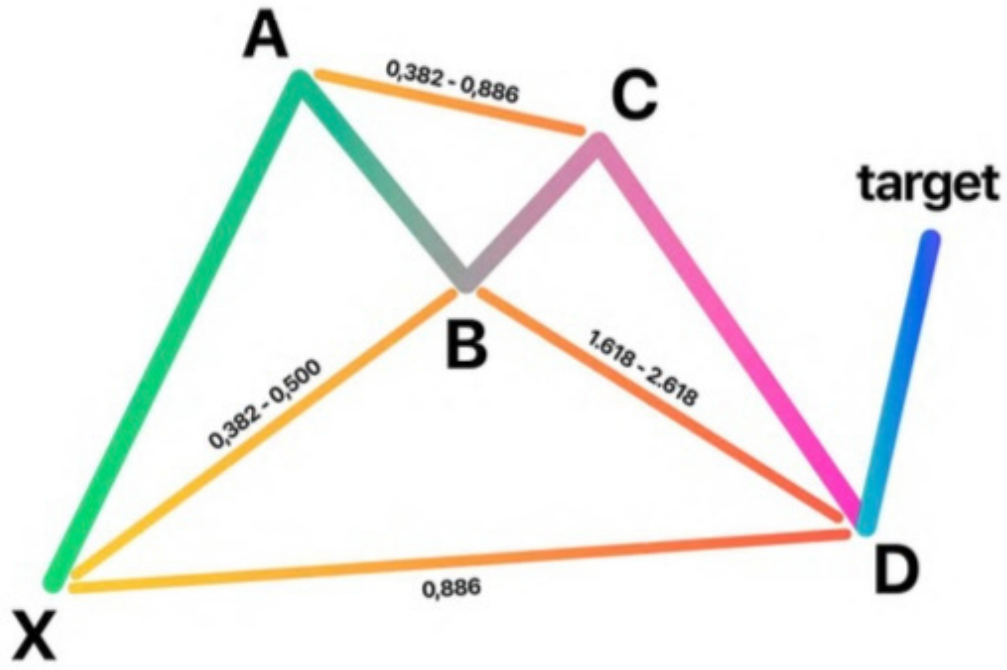


Example

Chart: XAUUSD
Time frame: 4H
Date: 26 Aug` 22

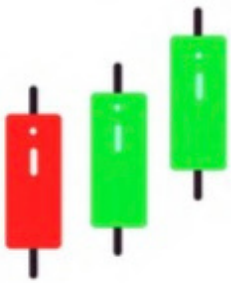


Bullish Bat

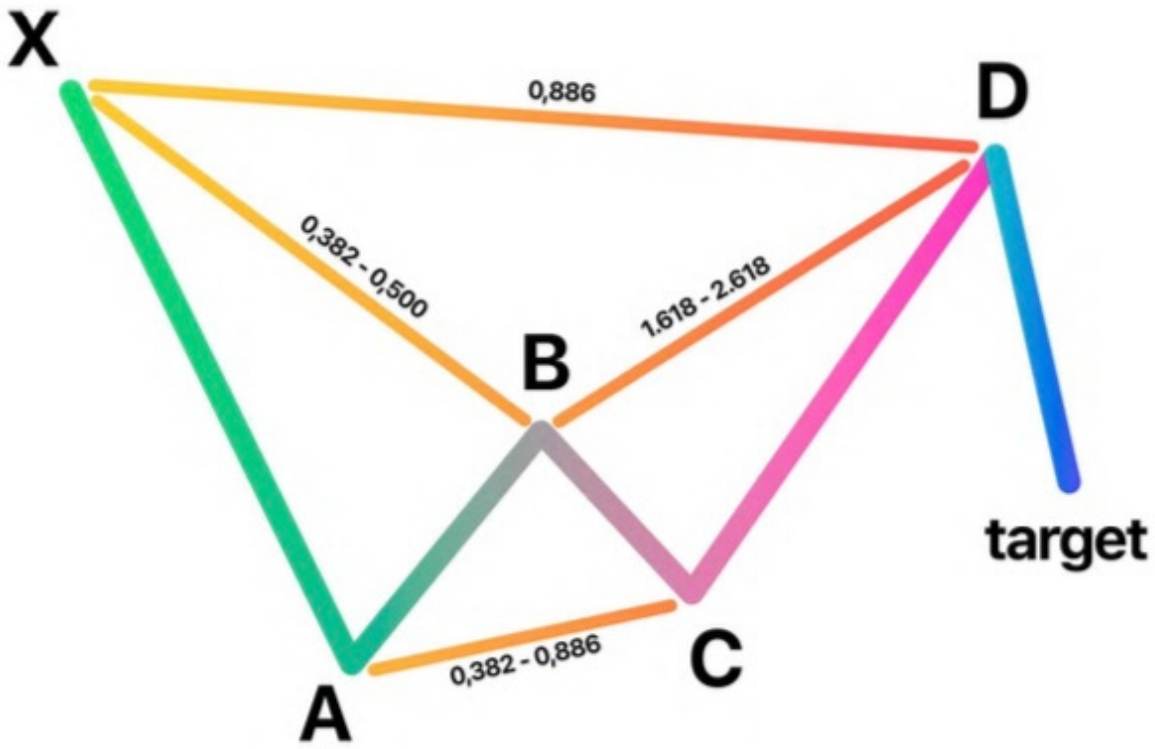


Example

Chart: EURUSD
Time frame: 4H
Date: 31 Mar` 21

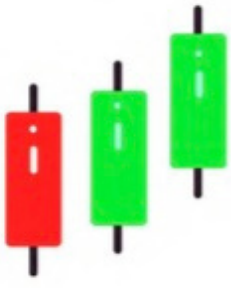


Bearish Bat



Example

Chart: EURCHF
Time frame: 1H
Date: 01 Jun` 21



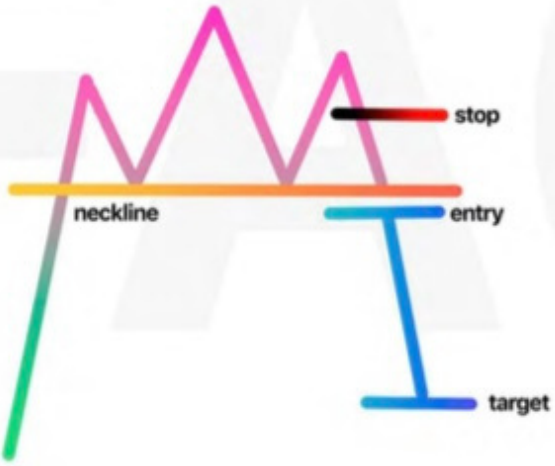
Printable Pattern Sheets

@tradingface

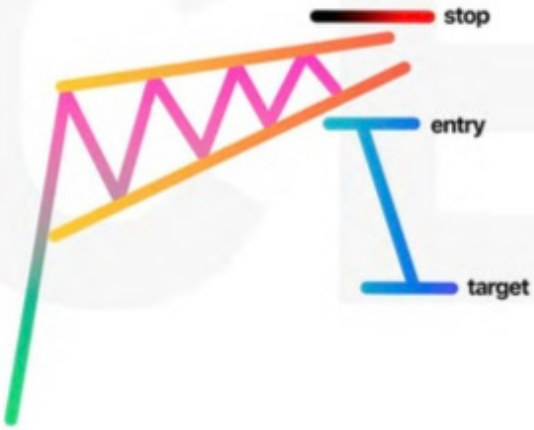
Double Top

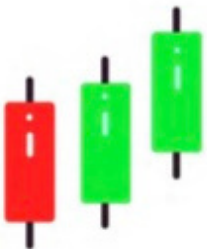
Falling Wedge

Head and Shoulders



Rising Wedge



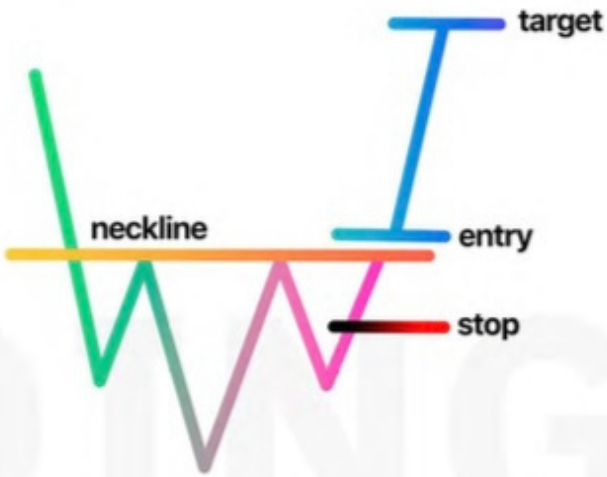


Printable Pattern Sheets

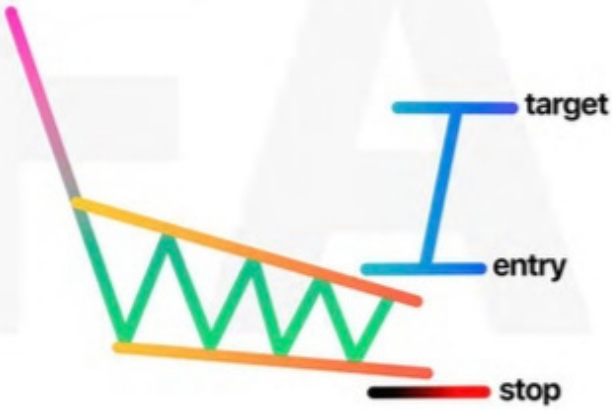
@tradingface

Double Bottom

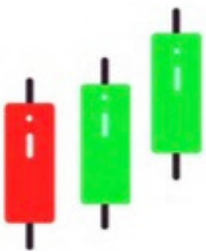
Inverse Head and Shoulders



Falling Wedge



Bullish Rectangle

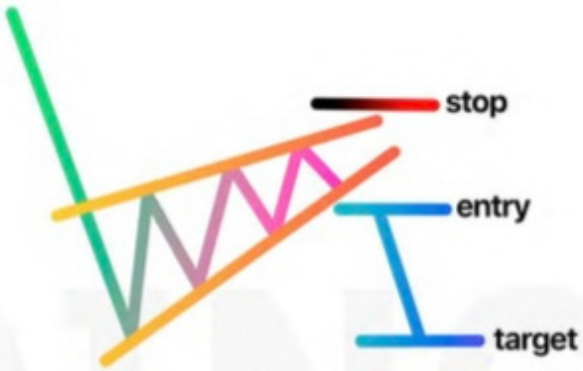


Printable Pattern Sheets

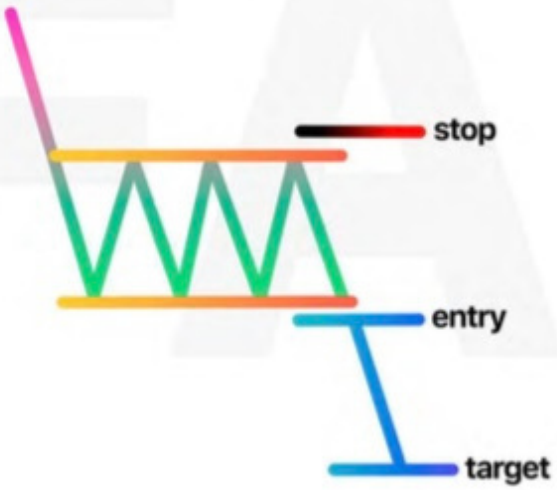
@tradingface

Bullish Pennant

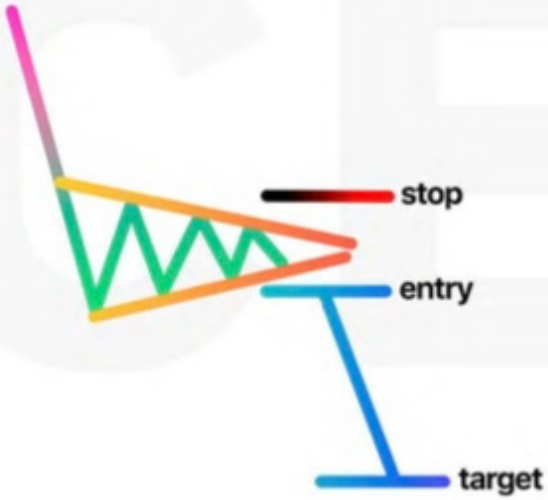
Rising Wedge

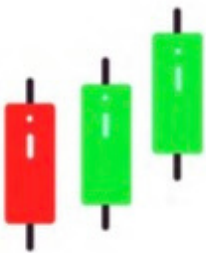


Bearish Rectangle



Bearish Pennant

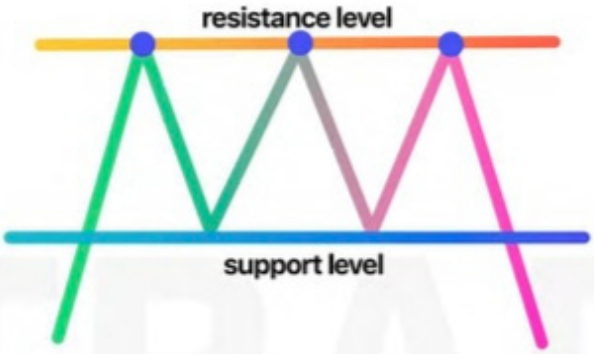




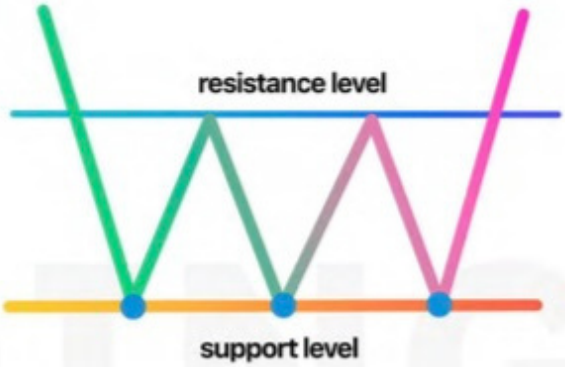
Printable Pattern Sheets

@tradingface

Triple Top

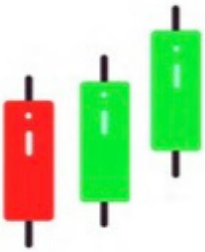


Triple Bottom



Bullish Diamond Pattern

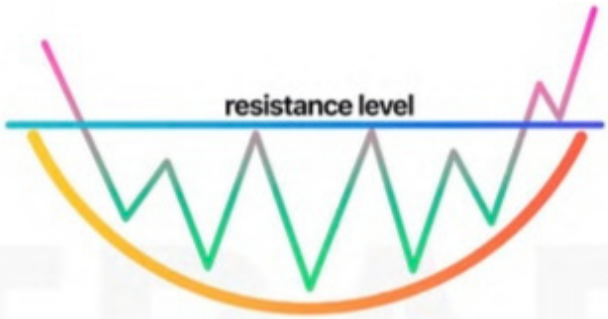
Bearish Diamond Pattern



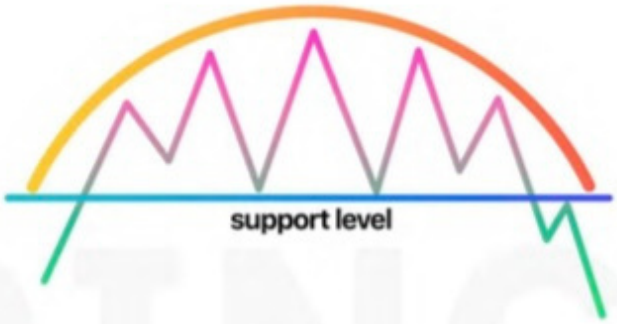
Printable Pattern Sheets

@tradingface

Rounding Bottom

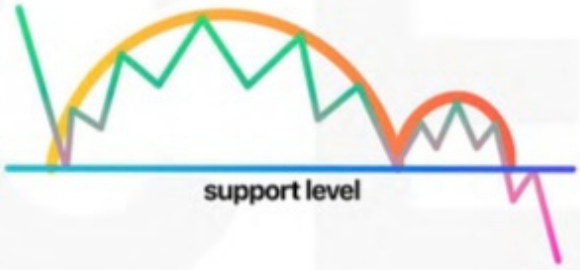


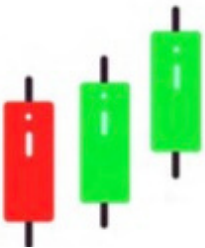
Rounding Top



Cap and Handle

Inverse Cap and Handle

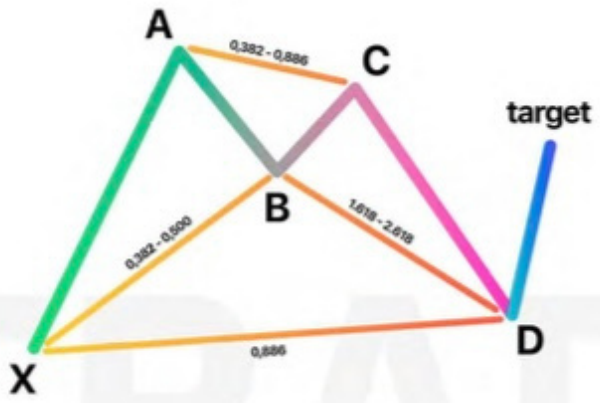




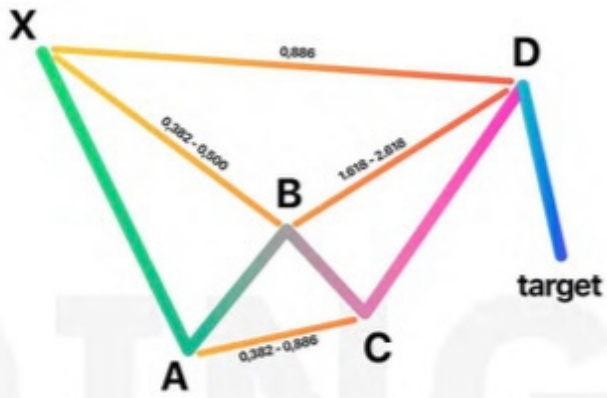
Printable Pattern Sheets

@tradingface

Bullish Bat

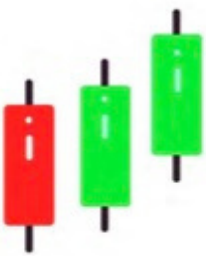


Bearish Bat



Support Level

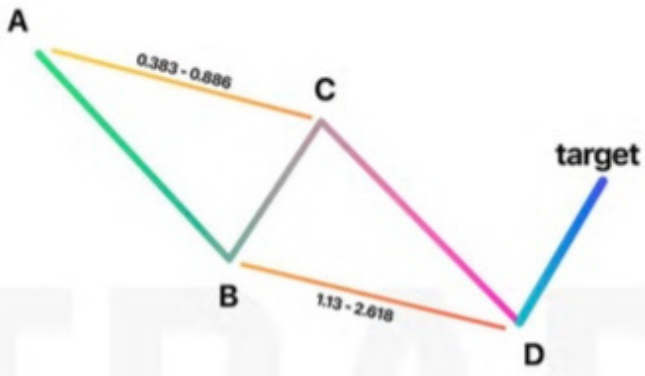
Resistance Level



Printable Pattern Sheets

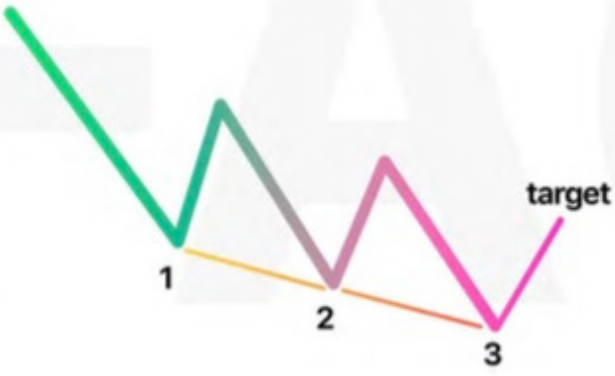
@tradingface

Bullish AB=CD

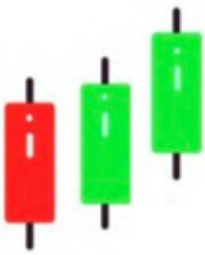


Bearish AB=CD

Bullish Three Drives



Bearish Three Drives



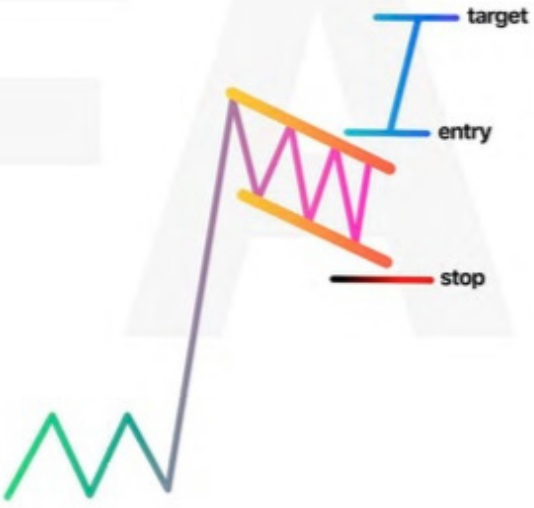
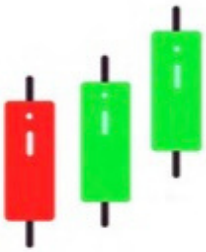
Printable Pattern Sheets

@tradingface

Bearish Expanding Triangle

Bullish Expanding Triangle

Downward Flag



Upward Flag